
Singapore Board Diversity Report 2012

The Female Factor

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FOREWORD BY CGIO



Diversity in the boardroom is often associated with benefits such as better financial and organisational performance. Diversity is also an ingredient for innovation. Thus, it is important for company boards to consider a diverse pool of talent in their search for new board directors who can provide direction to the organisation and optimize performance. Such awareness can be beneficial for the company's success and growth.

The Centre for Governance, Institutions and Organisations (CGIO) is honoured to partner with BoardAgender to publish the Singapore Board Diversity Report - The Female Factor, made possible by a generous contribution from UBS and support from the Singapore Exchange (SGX). This is the second issue of the report which tracks boardroom gender diversity in Singapore's listed companies.

The Singapore Board Diversity Report 2012 provides an overview of the boardroom gender diversity landscape in Singapore listed companies, and examines the trends in comparison to past years' data from CGIO's database. Our research provides analysis on the progress made and reports the changes at several levels: individual, company and industry. Furthermore, in this year's report we look at boardroom gender diversity in boards other than those of SGX-listed companies, to provide a holistic picture of gender diversity in Singapore's boardrooms. Viewpoints from industry experts and corporate leaders further supplement the research findings in this report.

I trust that this report will continue to be a valuable resource for practitioners and stakeholders to rely upon to keep themselves updated of the latest diversity trends with regards to female directors on Singapore listed companies. We express our appreciation to both the research and practitioner communities for their continued support of CGIO's work.

Chang Sea-Jin

Executive Director, Centre for Governance, Institutions & Organisations (CGIO)
NUS Business School

FOREWORD BY BOARDAGENDER



Since the launch of BoardAgender in March 2011, the annual tracking of female participation in the boardrooms of Singapore has remained a top priority. This research is an important driver behind BoardAgender's aim to facilitate greater awareness of the benefits of gender balance in business and ultimately to advance more women into senior leadership and board roles.

It is important to remember that women in Singapore represent around half of the population and half the university graduates. They represent around 44% of the workforce in Singapore, and approximately half of these women have

PMET - professional, managerial, executive and technicians roles.

Similar to other countries, many women in Singapore drop out of the workforce as they progress through their careers, causing what is referred to as the "leaky pipeline" into the senior ranks. Unfortunately this situation has been confirmed by the recent McKinsey report; women in Singapore represent only 20% of mid-to-senior managers, and 15% of the executive committee. And, despite the business case for recruiting and developing more women, 63% of the executives that responded to the McKinsey survey in Singapore, said that gender diversity was not a strategic priority for their company.

Since the first board diversity report was published in 2011, Singapore has joined other countries around the world in recognising the benefits of gender balance in the boardroom - better financial results, greater decision making and better corporate governance - by revising its Code of Corporate Governance. It now recommends that a board and its committees should be comprised of directors who provide an appropriate balance of diversity; in skills, experience, gender and knowledge of the company.

BoardAgender has been encouraged by the change in governance and the increased dialogue in the Singapore community on the topic of how companies can develop and retain women in the workforce, and promote female talent into senior and boardroom positions. We hope that this report will provide further inspiration to put the topic of gender balance on the board agenda.

Juanita Woodward

2011-12 Co-Chair, BoardAgender

FOREWORD BY UBS



The topic of diversity is an increasingly important one, especially in a world that is becoming more globalised and complex. Firms which actively foster an inclusive and diverse corporate culture are better placed to attract the best and compete effectively in an ever-changing world.

UBS is delighted to be the main sponsor of the Singapore Board Diversity Report 2012.

We believe diversity of gender, race and ethnicity is essential as it gives us first-hand understanding of regional markets and sensitivity to local customs. Other forms of diversity are equally important – of background, experience and thought

– these provide perspectives which allow us to anticipate the needs and generate solutions for our increasingly diverse client base across the globe.

To nurture a world-class workforce of diverse, high-talent individuals, it is important to engender an open-minded, inclusive and respectful working culture, merit-based career advancement, and a sense of individual contribution and self-worth.

For example, at UBS, we have a wide range of gender initiatives that promote the recruitment, retention and advancement of women through networking, mentoring, sponsorship and leadership opportunities. These efforts have been acknowledged by the Tripartite Alliance for Fair Employment Practices (TAFEP) which recently awarded UBS the Special Mention Award for Outstanding Workplace for Women.

Women have made great strides in the corporate world, with some of the top global firms headed by women. It is our hope that the Singapore Board Diversity Report will add to the intellectual capital related to the topic and heighten the awareness of the meaningful conversations that need to take place in Singapore boardrooms.

Edmund Koh

Country Head, UBS Singapore

EXECUTIVE SUMMARY

Female representation on the boards of Singapore Exchange (SGX) listed companies increased from 6.9% in 2010 to 7.3% in 2011. Of the 4,799 director positions, 350 positions were held by women. These 350 positions were held by 324 female directors. While this is an upward trend, the gap between Singapore and other developed countries is widening. Several countries have improved at a faster rate than Singapore such as Australia (from 10.3% to 13.8%), France (from 12.7% to 16.6%) and the UK (from 12.5% to 15.0%).

The number of all-male boards decreased slightly to 60% from last year's 61.3 %. However, this made Singapore the country with the highest percentage of all-male boards, when compared to other countries in the region such as China, Malaysia and India, which had less all-male boards. 12 SGX-listed companies had three or more women on their board, with Mewah International Inc. topping the list with four women directors on its nine-person board.

Women are predominantly found in executive director roles, whereas the percentage of female independent directors was just 4.2% - slightly lower than last year's 4.5%. The majority of women directors (94.1%) continued to hold a single directorship and the maximum number of directorships held by a woman in 2011 was five. Only four women held three or more directorships.

When SGX-listed firms founded abroad were compared to SGX-listed firms founded in Singapore they had a lower representation of female directors (6.7%). Family firms tended to score better on gender diversity (8.2% on average), as did Temasek-linked companies (10.3%), although the latter category consisted of a limited number of firms.

Looking at different sectors on the SGX we found that gender diversity in the transport, storage & communications (TSC) and the properties sector had the highest representation of women on their boards (9.4%) in 2010, however, in 2011 the industry with the highest proportion of women was the construction sector (10.0%). When compared to SGX-listed firms, the female representation in Real Estate Investment Trusts (REITs) and other listed Trusts was 9.7%, higher than the average for SGX-listed companies.

A new area of research established this year for this report was gender diversity in statutory boards in Singapore (which are not part of SGX) and we found these to consist of 19.8% female directors; significantly above the average for SGX-listed firms.

Women were under represented in leadership positions on the board, such as CEO, Chairman, Chairs of board committees and also in committee memberships. Proportions of female directors with board leadership positions were: CEO (4.1%), Chair (3.5%); remuneration committee Chair (3.4%); nomination committee Chair (4.7%); and audit committee Chair (2.1%). In 2011, the board committee with the highest percentage of female directors was the audit committee (5.2% female members).

The profiles of female directors were more or less consistent with those in 2010. Female directors were younger than their male counterparts (48.6 years on average compared to 54.6 years for male directors) and female directors, on average, stayed on for 9.9 years, which was slightly higher than male directors (9.2 years). 18.8% of male directors held directorships beyond the age of 65 years but only 3.6% of female directors held directorships beyond the age of 65 years. Male directors more frequently held educational qualifications above bachelor level, while more than half of female directors had only a bachelor's degree. The most common educational backgrounds of women directors were in accounting, business administration or law. A vast majority (89.6%) of women directors were ethnically Chinese compared to 81.8% for men.



MAGNUS BÖCKER

CHIEF EXECUTIVE OFFICER

"Over the years, SGX-listed companies have taken great strides in raising the corporate governance bar and adopting good practices. Singapore has once again come out on top in a closely watched corporate governance poll in Asia. However, good governance includes board diversity and board independence.

One of the biggest challenges of board diversity that companies in Asia and Singapore face is gender diversity. Progress towards higher female representation in the boardroom may require closer collaboration among the business community, individual companies, government agencies and even, family support.

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."

Mr Magnus Böcker joined SGX as Chief Executive on 1 December 2009. He currently serves as a non-independent director on the SGX Board. He has over two decades of leadership experience in the exchange industry, including being president of NASDAQ OMX during 2008 and 2009, spearheading the creation of OMX (the Nordic Exchanges Company), and subsequently playing a key role in the merger of OMX and Nasdaq in 2008. Mr Böcker is currently a member of "The Mount Sinai Hospital Surgery Advisory Board" in New York and a council member of the Institute of Banking and Finance in Singapore. He is also a member of the Advisory Board of the Sim Kee Boon Institute for Financial Economics at Singapore Management University.

1 INTRODUCTION

Increased awareness that gender diversity creates benefits for firms

The issue of gender diversity is rapidly gaining attention from governments, academics and the corporate world, and this is further supported by an increasing awareness brought about by policies, studies and reports. A survey by McKinsey indicated that executives around the world are increasingly convinced of a positive link between gender diversity and the firm's financial performance. Although they note that diversity is still not very high on the agenda of many boards, 14% of the respondents from Asia reported that gender diversity had increased in importance in their firms, the highest percentage of all regions¹.

In Singapore, too, the topic has come to the forefront, evidenced in the large number of newspaper articles and seminars on gender diversity, due in part to the establishment of several organisations including BoardAgender and the Singapore chapter of Women Corporate Directors. Several influential organisations such as the Singapore Institute of Directors and the SGX have also hosted panels and speakers on boardroom diversity over the past year.

Academic research also suggests that gender diverse boards are beneficial to the governance of a firm, including a better monitoring function of the board and tighter internal board discipline². One argument for this is that diverse boards are better able to deal with complex decisions since they internally cover a broader set of viewpoints and expertise.

However, diversity might also increase the potential for conflict and potentially lower a firm's performance. A study by NUS Professor David Reeb investigates this trade-off and finds a positive link between gender diversity and performance for more complex firms and not for smaller, simpler firms³.

The prevailing view that gender diversity is good for firms is supported by research done on Singapore. A recent research paper by Pei Sai Fan finds evidence of a positive relationship between gender diversity and firm performance in SGX-listed firms⁴.

¹ McKinsey & Company. (2010). Global results: moving women to the top survey.

² Adams, R.B., Ferreira, D. (2009). Women in the boardroom and their impact on governance and performance. *Journal of Financial Economics*, 94, 291-309.

³ Anderson, R.C., Reeb, D.M., Upadhyay, A. & Zhao, W. (2009). The economics of director heterogeneity. *Financial Management*, 40 (1), 5-38.

⁴ Fan, P. S. (2012). Is board diversity important for firm performance and board independence? – An exploratory study of Singapore listed companies (MAS Staff paper no. 52).

Globally improving gender diversity

How does Singapore compare to other countries? Female representation on boards has increased globally and is showing an upward trend. In some countries this is due to a quota system, like in Norway where boards (with more than nine members) are required to have at least 40% of each gender represented. Other European countries such as France and Spain have also adopted a quota system requiring 40% of women on boards of publicly listed companies. In September 2012, it was reported that the European Commission was drafting a proposal whereby listed companies would be required to reserve 40% of their non-executive director board seats for women by 2020. Additionally, those companies with more than 250 employees or with more than €50 million in revenues would be required to report annually on the gender make-up of their boards; companies failing to do so would be subject to fines and be barred from state aids and contracts⁵. Although quotas in general have increased female participation in boardrooms, they have received mixed responses and come with their own set of pros and cons.

In other cases, the upward trend can be attributed to a planned business roadmap, for instance, in 2011, the Lord Davies Report stated that the UK's female representation on boards has risen to 15%, a 2.5% increase within a year. A similar strategy is underway in Malaysia, where the Securities Commission has set a target of 30% for female representation on boards to be reached by 2016. It requires companies to specify the policies, targets and measures taken to increase gender diversity. The impact is to be assessed in the year 2013⁶.

There are also countries that achieve increased gender diversity performance numbers without specific quotas or roadmaps. For example, the Australian Stock Exchange requires listed companies to report on measurable gender diversity objectives and their progress towards achieving them. Within a year of implementing these reporting measures, the number of directorships held by women hit 13.8%, an increase of 3.5%⁷. Other countries have taken efforts to increase the gender diversity on their boards through changes to their corporate governance code or disclosure requirements. For example, in the US, the Securities and Exchange Commission (SEC) in 2010 passed rules that requires public companies to disclose if diversity (including, but not limited to gender) is a consideration while nominating directors and if so, how diversity policies are implemented and evaluated for effectiveness. Similar efforts were undertaken by countries such as Denmark, Germany and Sweden.⁸

In 2012, Singapore also introduced a revised code of Corporate Governance. The new code now includes the following clause:

*"The Board and its board committees should comprise directors, who as a group, provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company"*⁹.

⁵ Khan, J.F. (2012, September 3). EU pushes 40% quota for women on boards. The Financial Times.

⁶ Securities Commission Malaysia. (2011). Corporate Governance Blueprint 2011.

⁷ Women on Boards. (2012). Board Diversity Index 2012.

⁸ Catalyst. (2012). Increasing Gender Diversity on Boards: Current Index of Formal Approaches.

⁹ Monetary Authority of Singapore. (2012). Code of Corporate Governance.

This clause encourages gender diversity, but the code nor other policies have imposed specific requirements for reporting, nor set specific targets as seen in the UK or Malaysia. Singapore is also showing an increase in the directorships held by women and in the number of women directors, but the numbers remain low and the rate of improvement slower as compared to peers and other developing countries.

As companies in Singapore prepare to comply with the new Corporate Governance Code, the specific mention of gender diversity is an opportunity to improve governance practices. It will be interesting to see how this inclusion will impact companies and how companies will report gender diversity in their annual reports in the future.

Focus of this report

To help companies, policy-makers and other stakeholders understand the dynamics of female participation in the boardrooms of Singapore, we have focused this year's gender diversity report on a more in-depth analysis.

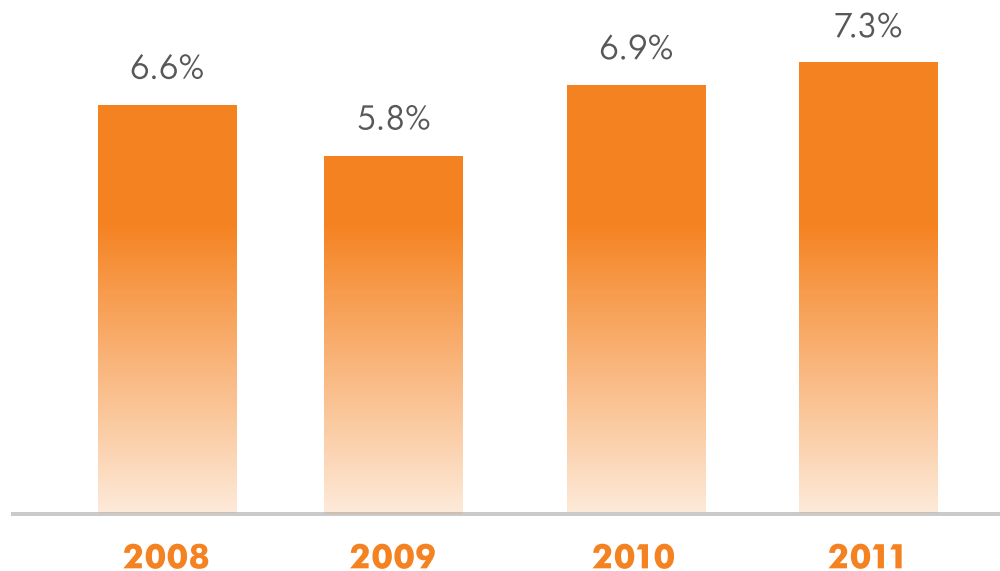
This report summarises our study on gender diversity and covers 693 SGX-listed companies, 65 statutory boards and 28 REITs and trusts. The report discusses global and Asian trends, and compares this with our findings in Singapore. We highlight trend-setting companies and provide statistics on the proportion of female directors in different types of firms, across different types of directorships, in different types of board leadership positions and in different industries. We also highlight the profile of women directors in terms of age, tenure, education level, ethnicity and educational background.

2 GENDER DIVERSITY IN SGX-LISTED COMPANY BOARDROOMS

Slow Progress

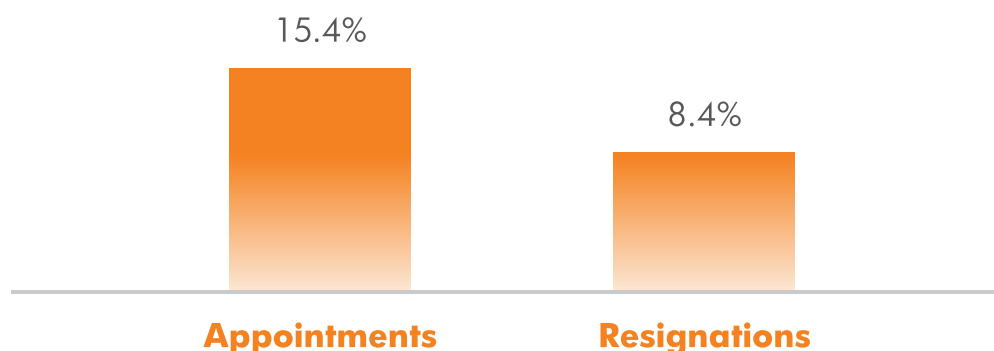
The number of directorships held by women in SGX-listed companies increased from 6.9% in 2010 to 7.3% in 2011 (Figure 1).

Figure 1: Female representation on SGX company boards



Source: CGIO Database

Since directors' average tenure is 9.3 years, our research on female directors reflects past appointment practices. To account for recent trends, we looked for newly appointed directors whose name appeared in our database for the first time. In line with the increase in the number of female directors, we saw that new female appointments in 2011 had almost doubled from the previous year. Of the 576 newly appointed directors, 15.4% were women. Of the resigning directors 8.4% were female (Figure 2).

Figure 2: Female board appointments and resignations

Source: CGIO Database

Looking more closely at newly listed companies - another indicator of recent changes in appointment practices - we found that the percentage of female directors was 12.3%. Both figures suggest that the rise in women on boards seen in 2011 may be a sustainable future trend.

Globally improving gender diversity

Despite the upward trend shown in the last two years, Singapore's female representation was lower than the global average. Although Singapore is a developed country, its 7.3% female representation on boards falls far short of the global average for industrialised countries which was 11.1%¹⁰.

Countries with the highest representation of women on boards were Norway, Sweden and Finland, and the European Union average was 17.0% according to McKinsey's, 'Women Matter' report¹¹. Singapore's average is at similar levels to the global average for emerging markets like China, India and Malaysia, which was 7.2%¹².

Within the region, Australia and Hong Kong lead in female representation on boards with 13.8% and 10.3% respectively (Figure 3)¹³.

Given the rate of growth of Singapore's figures from 2010 to 2011, Singapore will reach 11.1%, the global average for industrialised countries for female board participation only in 2021.

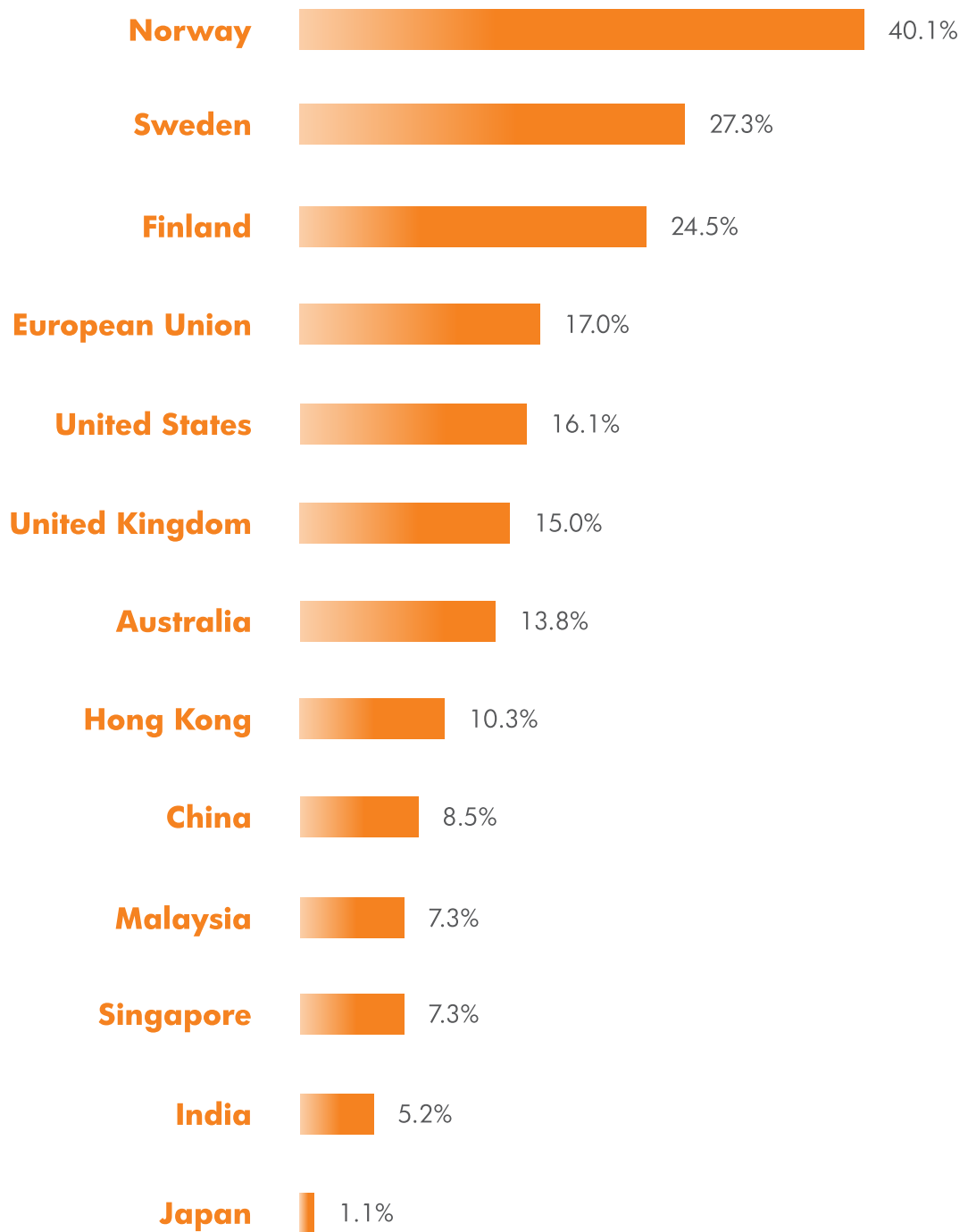
Given the rate of growth of Singapore's figures from 2010 to 2011, Singapore will reach 11.1%, the global average for industrialised countries for female board participation only in 2021.

¹⁰ Governance Metrics International. (2012). GMI ratings' 2012 Women on Boards Survey.

¹¹ McKinsey & Company. (2012). Women Matter: Making the Breakthrough.

¹² Governance Metrics International. (2012). GMI ratings' 2012 Women on Boards Survey.

¹³ Women on Boards. (2012). Board Diversity Index 2012; Hong Kong Exchanges and Clearing Limited. (2012). Consultation Paper – Board Diversity.

Figure 3: Female representation in boardrooms globally

Sources: CGIO (Singapore); HKEx (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)



CHUA SOCK KOONG

**Group Chief
Executive Officer
SingTel Group**

Ms Chua sits on the Boards of Bharti Airtel Limited, Bharti Telecom Limited and key subsidiaries of the SingTel Group. She is also a member of the Singapore Management University Board of Trustees and the Public Service Commission. She is a former Board member of JTC Corporation and the Casino Regulatory Authority, and also a former member of the Corporate Governance Council established by the Monetary Authority of Singapore.

INTERVIEW WITH CHUA SOCK KOONG

Could you give us some insight into your thoughts on gender diversity and what SingTel Group is actively doing to promote talented women into senior leadership and board roles?

At SingTel, we believe that diversity is essential to building and sustaining our competitive advantage. Diversity refers to the ways in which we differ, including gender, age, ethnicity, language, cultural background, physical ability and lifestyle choice. We accept and respect these differences, and leverage the richness of our varied backgrounds, ideas and perspectives to support the SingTel Group in realising our potential in a global market.

The size and composition of the SingTel Board are reviewed from time to time by the Corporate Governance and Nominations Committee, which seeks to maintain a diversity of expertise, skills and attributes among the directors, including relevant core competencies such as accounting and finance, business and management as well as taking broader diversity considerations into account, such as gender and age in making appointments. Currently, 2 out of 10 Directors are female. Mrs Fang Ai Lian chairs the Audit Committee, while I am the Group CEO.

Studies have shown that one barrier for women is the issue of family responsibilities. Companies need to provide more support, such as facilitating smooth transitions before, during and after parental leave. At SingTel, we embrace flexible working arrangements to accommodate our employees' responsibilities outside of work. For example, they can telecommute and take flexible leave to bring their children to school.

As a leading employer, we are committed to developing and maintaining an inclusive and collaborative workplace and culture. This commitment includes establishing measurable objectives, beginning with gender diversity in our main employee populations in Australia and Singapore.

Currently, 4 out of 7 Management Committee members are female and almost 27 per cent of our top management in Singapore are female. We will continuously improve the proportion of women across all levels of our workforce, ensuring that female voices are well-represented across the group throughout our talent pipeline.

3 NUMBER OF BOARD POSITIONS HELD

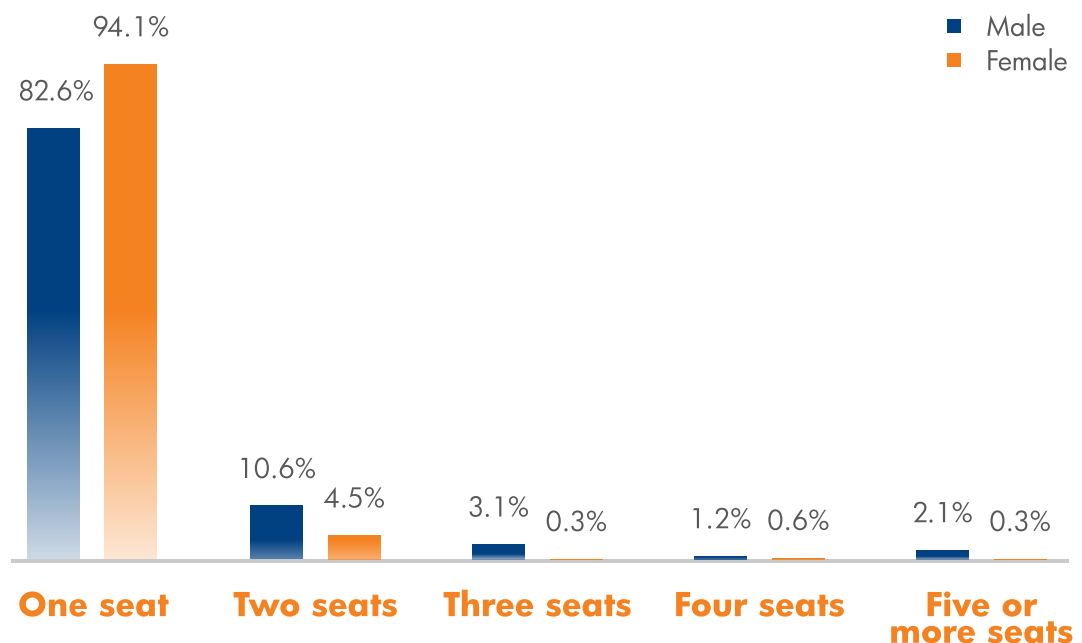
Women less likely to hold multiple board positions

Consistent with last year's analysis, we found that women held fewer directorships than men on average: 1.1 for women and 1.3 for men. Almost all of the female directors (94.1%) held only a single directorship, compared to 82.6% for men¹⁴. This implies that female board positions are held by a proportionally larger group of professionals – rather than a small clique.

Both globally and in Singapore there has been discussion on whether or not a maximum number of board seats per person needs to be set. The general opinion is that, if directors take on too many roles simultaneously, they may be overloaded and unable to fulfill their duties. On the other hand, board experience in other firms may help directors become more effective, so the dilemma lies in finding the appropriate balance. Singapore has not set any limits on the number of board seats held by individuals, although some experts have recommended it.

Our analysis shows that the issue of directors being 'too busy', concerns only a few people and companies, and that female directors are not among the busy directors. This point is further illustrated in Figure 4 which shows how many board seats men and women hold.

Figure 4: Number of board directorships held



Source: CGIO Database

¹⁴ Pertains only to board positions in SGX-listed firms (Mainboard or Catalist). Board positions in other firms were not included in this study.

When we compare women and men, we find that women rarely take on multiple board positions. This year, as well as last year, the maximum number of directorships held was five. The list of women holding three or more board seats has become shorter, with only four women (compared to eight women last year) holding three or more positions (Table 1). By comparison, in 2011, 74 men held five or more directorships. The maximum number of board positions held by a single man was 11.

Table 1: Women with three or more directorships

Fang Ai Lian	5 directorships
Elizabeth Sam	4 directorships
Lai Chin Yee	4 directorships
Goh Yiu Kiang, Euleen	3 directorships

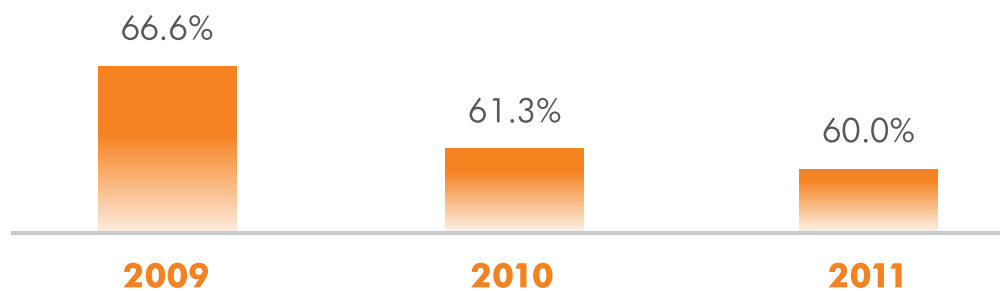
Source: CGIO Database

4 FEMALE REPRESENTATION BY COMPANY

All-male boards on SGX highest in region

Despite the increase in the number of directorships held by women, companies with all-male boards still stand at 60% (Figure 5).

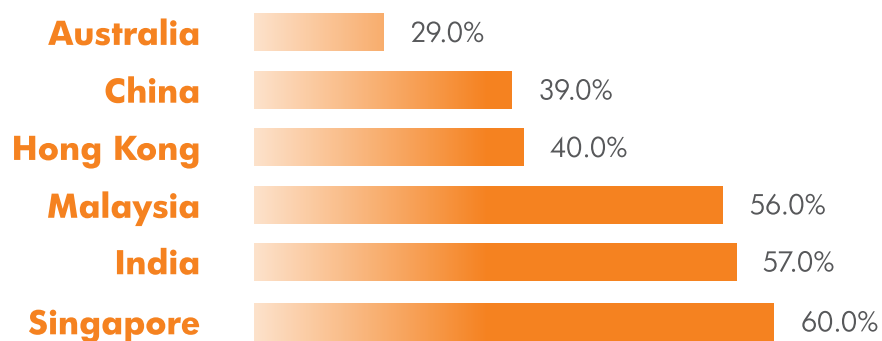
Figure 5: Percentage of companies with all-male boards



Source: CGIO Database

When compared with other markets in the region for which statistics were available such as China, Hong Kong, India and Malaysia, Singapore had the highest percentage of all-male boards in the region (see Figure 6).

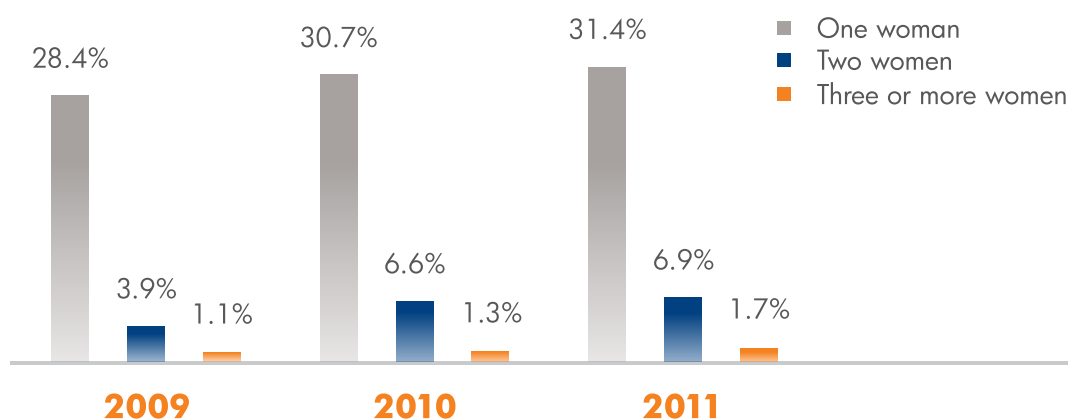
Figure 6: Percentage of all-male boards in the region



Sources: CGIO (Singapore), HKEx (Hong Kong), Korn/Ferry Institute (Australia, China, India, Malaysia)

Boards that had female directors were more likely to have only one. The proportion of boards having two women and three or more women has risen, to 6.9% and 1.7% respectively (Figure 7).

Figure 7: Number of women on corporate boards



Source: CGIO Database

Only 12 companies had three or more women on their boards (see Table 2). The study found the maximum number of women on a board in Singapore in 2011 was four. In 2010, the number of companies with three or more women on their board was 10, so we are seeing a small increase in the incidence of multiple women on boards.

Table 2: Companies with three or more female directors

Company	Number of female directors
Mewah International Inc	4
Anchun International Holdings Ltd	3
A-Sonic Aerospace Ltd	3
Aspial Corporation Ltd	3
Design Studio Furniture Manufacturer Ltd	3
Friven & Co Ltd	3
Keppel Land Ltd	3
Nippecraft Ltd	3
Nordic Group Ltd	3
Super Group Ltd	3
The Straits Trading Company Ltd	3
Top Global Ltd	3

Source: CGIO Database

5 WHERE ARE THE FEMALE DIRECTORS?

Industry matters

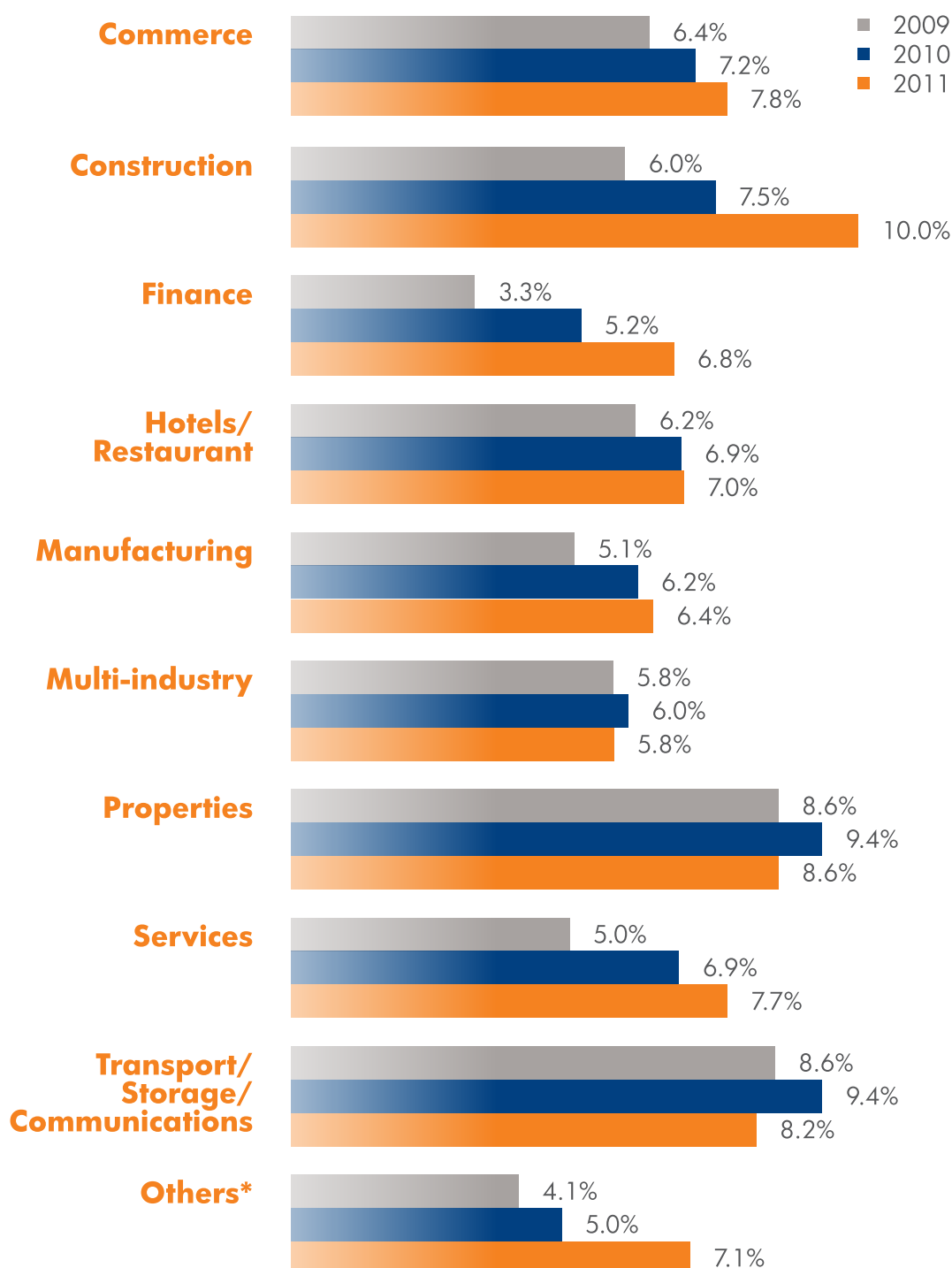
Studies on gender diversity globally suggest that the proportion of women on boards differs across industries. For instance, latest global figures on industry representation from Governance Metrics International, an independent corporate governance research agency, showed that women are better represented in the retail industry (14.6%), media (13.8%) and insurance (13.8%).

In Singapore, companies in commerce, manufacturing and the services sectors make up the bulk of the SGX-listed companies at 13.1%, 40.0% and 19.0% respectively. Although these sectors have shown an increase in the number of women on their boards, their comparative increase lags behind the increase seen in other sectors.

The highest scoring industries in 2011 were the construction industry at 10.0% and the properties industry at 8.6%. Last year, the properties industry and the transport, storage and communications industry had the highest percentage (9.4%). Last year we reported that the financial services sector had the lowest percentage of women directors. This year, with 14 female directors, the financial services sector has improved significantly. It has risen from 5.2% in 2010 to 6.8% in 2011 (Figure 8), but still scores below average.

The percentage of female directors in the financial sector has improved significantly from 5.2% in 2010 to 6.8% in 2011.

However, we note that absolute numbers of women directors in these industries are small, so even a single appointment can result in seemingly large fluctuations of the proportion of female directors in an industry.

Figure 8: Industry representation of women

*Others include the following sectors; Agriculture, Electricity/Gas/Water, Food & Beverages and Mining/Quarrying

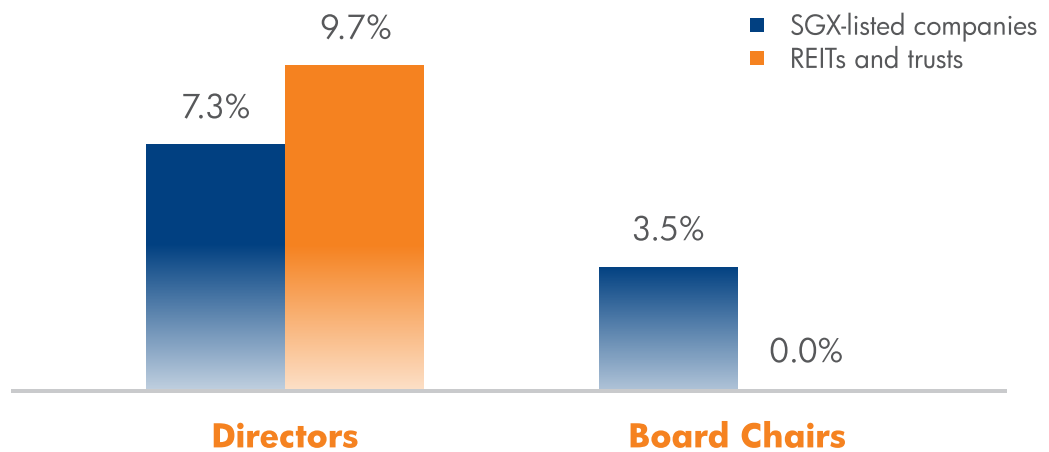
N.B.: Companies were classified according to SGX industry classification

Source: CGIO Database

REITs and trusts

We also studied the representation of women on the boards of 28 REITs and trusts listed on the SGX. Most of the 28 REITs and trusts are in the property sector. Of the 217 directorships 9.7% were held by women (Figure 9). Although the female representation was higher than that of SGX-listed companies, not one REIT or trust was chaired by a woman.

Figure 9: Gender diversity on boards of REITs and trusts



Source: CGIO Database

Four of these listings had 25% or more of their boards made up of female directors; Ascendas Real Estate Investment Trust (25%), Lippo Mapletree Indonesia Retail Trust (29%), Fortune Real Estate Investment Trust (30%) and K-REIT Asia Management Ltd (43%).

Although REITs and trusts had a higher female representation on their boards when compared to SGX-listed firms, not one REIT or trust was chaired by a woman.

REITs and trusts also had lower all-male boards when compared to the SGX average. 53.6% of the REITs and trusts had at least one female director on their boards. 13 out of the 28 REITs and trusts had no women on their board (Table 3).

Table 3: All-male REITs and trusts boards

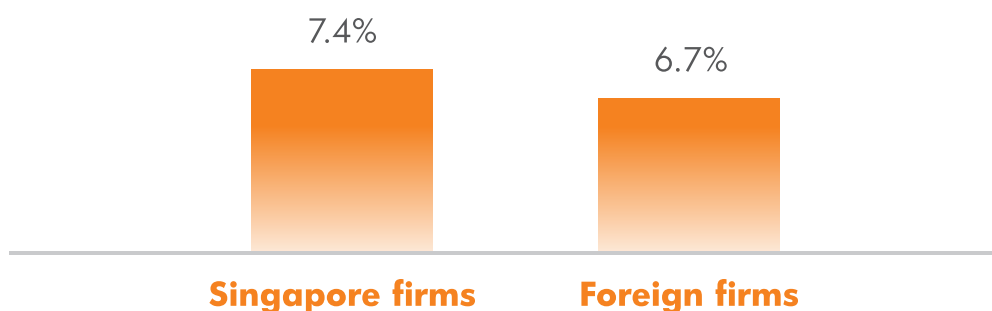
Cambridge Industrial Trust
CapitaMall Trust
Cityspring Infrastructure Trust
First Real Estate Investment Trust
First Ship Lease Trust
Frasers Centrepont Trust
Frasers Commercial Trust
Indiabulls Properties Investment Trust
Mapletree Industrial Trust
Mapletree Logistics Trust
Pacific Shipping Trust
Parkway Life REIT
Treasury China Trust

Source: CGIO Database

Geography matters

This year we also looked at local and foreign founded firms that are listed on the SGX. Of the 693 firms included in our study, 418 were tagged as local companies, and had a female board representation of 7.4% while the 216 foreign companies had a representation of 6.7% (Figure 10). This indicates that Singapore founded companies listed on the SGX have higher boardroom gender diversity than foreign firms.

Figure 10: Proportion of women directors in local and foreign founded firms



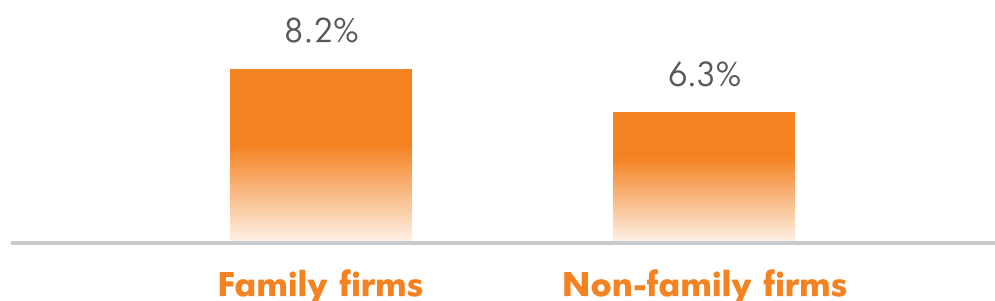
Source: CGIO Database

Family matters

Research done by CGIO showed that the majority of the SGX-listed companies can be classified as family firms (52% of all SGX-listed companies)¹⁵. We found that the proportion of women directors in family firms was higher than in non-family firms. Family firms had 8.2% female directors, whereas non-family firms only had 6.3% (Figure 11). Several top-scoring firms in terms of the number of female directors (Table 2) were family firms.

Proportion of women directors in family firms was higher than in non-family firms.

Figure 11: Proportion of women directors in family firms and non-family firms



Source: CGIO Database

Government matters

Do government-linked companies score better on gender diversity in boards? Although modest in number, government-linked firms in Singapore are typically substantial in terms of market capitalization and they fulfill a prominent and exemplary role in Singapore's corporate landscape.

We investigated gender diversity in the boardrooms of SGX-listed companies held through Temasek Holdings, a government-controlled holding company. Several of these Temasek-linked companies were among the top-scoring companies in CGIO's Governance and Transparency Index (GTI). DBS Group Holdings, Keppel Corporation and SembCorp Industries were among the top ten in the GTI 2012¹⁶.

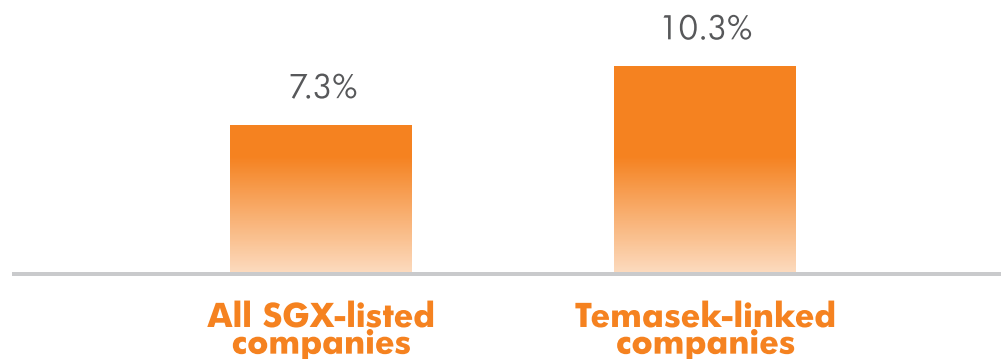
We investigated 11 Temasek-linked companies and found that the female representation on these boards was 10.3% (Figure 12) - higher than Singapore's average¹⁷. Despite this, three of the 11 companies surveyed had no female board members (SATS Ltd, Singapore Technologies Engineering and STATS ChipPAC Ltd).

¹⁵ Centre for Governance, Institutions & Organisations. (2011). Drawing a Portrait of Family Firm Governance in Singapore – A Study of SGX-listed Family Firms.

¹⁶ Centre for Governance, Institutions & Organisations. (2012). Governance & Transparency Index 2012.

¹⁷ We selected 11 companies that were mentioned in the Temasek Review as listed on the Singapore Exchange, and in which Temasek Holdings held voting rights of 20% or more: CapitaLand Ltd, DBS Group Holdings Ltd, Keppel Corporation Ltd, Neptune Orient Lines Ltd, SATS Ltd, SembCorp Industries Ltd, Singapore Airlines Ltd, Singapore Technologies Engineering Ltd, Singapore Telecommunications Ltd, SMRT Corporation Ltd, and STATS ChipPAC Ltd.

Figure 12: Boardroom diversity in Temasek-linked SGX-listed companies

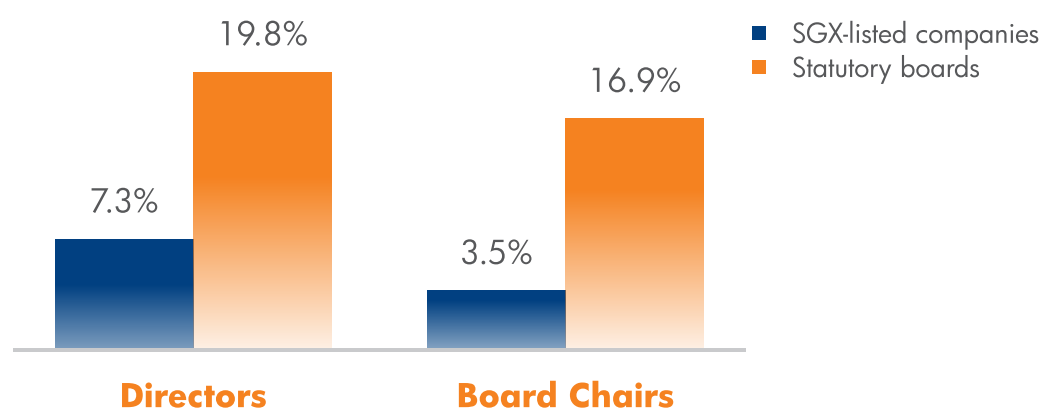


Source: CGIO Database

The belief that the government leads the way in Singapore's boardroom gender diversity is further supported by an additional analysis of the statutory boards in Singapore. Statutory boards (which are not part of SGX) are entities controlled by the government such as the Monetary Authority of Singapore and the Economic Development Board, many of which play an essential role in Singapore's economy and society.

Our analysis of 897 directorships across 65 statutory boards revealed that 19.8% of board positions were held by women (Figure 13). The number of Chairs held by women was 16.9%. In statutory boards, the maximum number of directorships held by any woman was four, this is the same as the maximum number of directorships held by male directors.

Figure 13: Gender diversity in statutory boards



Source: CGIO Database

Three of the statutory boards had at least half or more of their boards made up of female directors; National Parks Board (50%), Singapore Pharmacy Council (63.6%) and the Singapore Nursing Board (70.6%). In particular, the Singapore Nursing Board had 12 female directors out of a total board size of 17 (Table 4).

Table 4: Statutory boards with highest female representation

Name of statutory board	Female representation
Singapore Nursing Board	70.6%
Singapore Pharmacy Council	63.6%
National Parks Board	50.0%
National Arts Council	43.8%
National Library Board	47.1%
National Environment Agency	41.7%
Singapore Dental Council	41.7%

Source: CGIO Database

Statutory boards also have a lower percentage of all-male boards, as 83.1% of the statutory boards had at least one female director. Out of the 65 statutory boards, 11 had no women on their boards (Table 5).

Table 5: All-male statutory boards

Agency for Science, Technology and Research
Building and Construction Authority
Council for Estate Agencies
Inland Revenue Authority of Singapore
International Enterprise Singapore
Maritime and Port Authority of Singapore
Monetary Authority of Singapore
Nanyang Polytechnic
Public Utilities Board
Temasek Polytechnic
Urban Redevelopment Authority

Source: CGIO Database

A portrait of Lee Suet Fern, a woman with dark brown hair and bangs, wearing a dark pinstriped blazer with a white floral brooch. She is standing in front of a modern building with large glass windows and a white structural frame.

LEE SUET FERN

**Chairman and
Managing Partner
Stamford Law
Corporation**

Mrs Lee is a corporate law practitioner at Stamford Law, a leading award-winning law firm based in Singapore. She has served on the boards of public listed companies in Singapore, Hong Kong, New Zealand and elsewhere. She currently is on the boards of Fortune Global 500 companies, insurance giant, AXA (listed in Paris) and diversified health care group, Sanofi (listed in Paris and in New York) as well as Macquarie International Infrastructure Fund (listed in Singapore). She has been the President of the Inter-Pacific Bar Association, and is currently Chairman of the Asian Civilisations Museum Board, a member of the National Heritage Board and a trustee for Nanyang Technological University.

INTERVIEW WITH LEE SUET FERN

How important is gender diversity to you at senior and board levels and why? Do you see any differences in boardroom diversity across the boards on which you serve?

With shortages of talent, gender diversity is increasingly important. The difference in boardroom diversity between boards in Singapore and those in Europe is stark. There is a growing consciousness in Europe of the need to tap a much broader pool of talent - to bring on to boards strong experienced individuals with more diverse backgrounds, including gender. This impetus has not yet spread to Singapore.

The new code of corporate governance in Singapore states: "The Board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company". What steps are your company (or should companies) adopt to embrace this inclusion?

Companies could do much by re-examining their selection processes for new directors to make these more thorough, broader and more rigorous. These qualities of diversity should be part of the criteria in selection. Quite often the use of 'headhunter' helps broaden the usual pool of candidates.

Independent directors are important for good corporate governance. Are the boards on which you serve actively searching for more female independent directors? If so, what actions are you specifically taking?

In Europe, the boards I serve on look for the best possible candidates when an opening on the board comes up and consider gender a factor in these considerations.

Both statutory boards and family companies had higher percentages of women on their boards in the recent report. Why do you think this is the case?

Statutory boards are often more conscious of the need to build a board with more diverse backgrounds, skills and talent, including gender. On the other hand, with many large corporations, there is a tendency to simply fish from the same pool (or golfing club) of male executives or civil servants.

Is there anything else you would like to specifically say regarding improving gender diversity on boards in Singapore, or on this report?

The business case to include more women on boards is a powerful one. Women represent a seriously under fished pool of talent. To ignore them is to risk overlooking qualified candidates in a talent-scarce market and to miss the chance to enhance the diversity of voices and views that would make for better corporate governance, more dynamic boards and more business-facing companies.

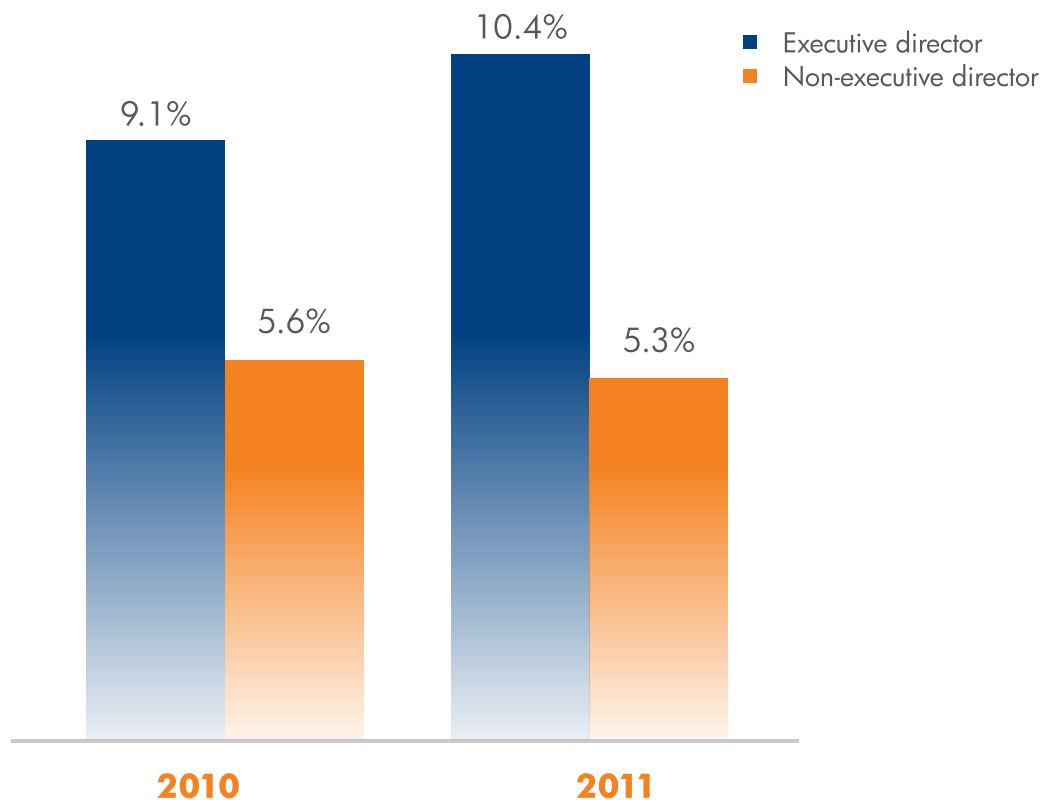
6 TYPES OF DIRECTORSHIPS HELD BY WOMEN

Fewer Independent directorships

Executive directorships formed the majority of the type of directorships held by women in SGX-listed firms. This is consistent with the previous year's findings. We recorded an increased percentage of women in this category (see Figure 14).

Women directors are typically appointed from within their organisations and enter the boardroom in an executive role.

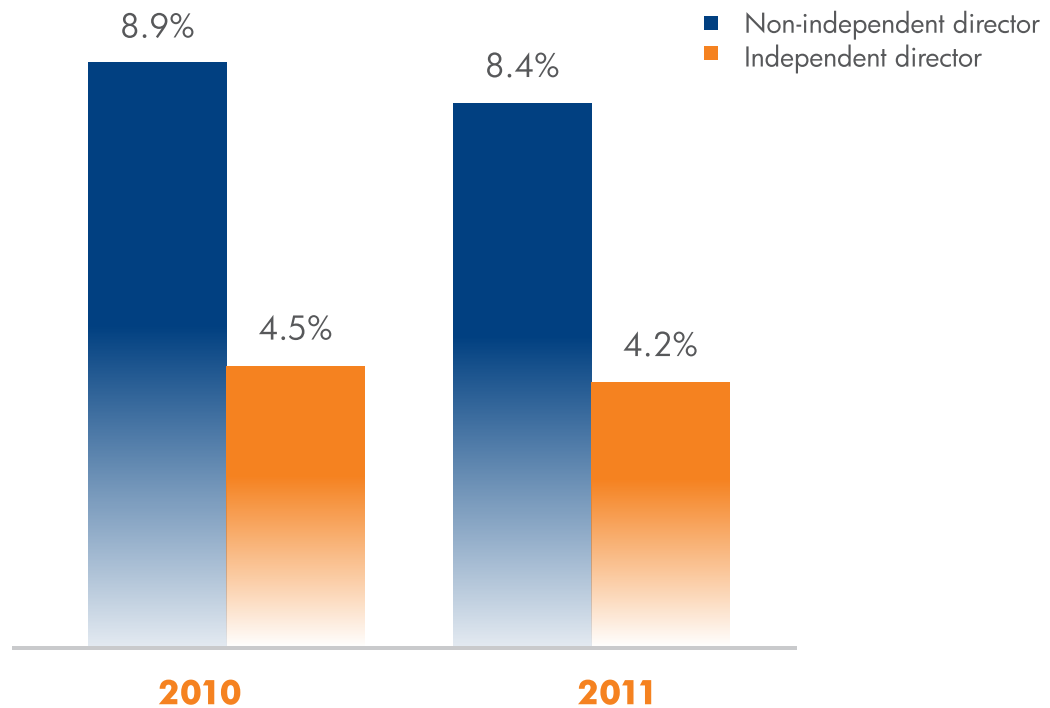
Figure 14: Female executive and non executive directors



Source: CGIO Database

When we classified directors into independent and non-independent, we saw even less women in independent directorship roles (Figure 15)¹⁸. At just 4.2%, this is an even lower number than in 2010. These figures indicate that women directors are typically appointed from within their organisations and enter the boardroom in an executive role.

Figure 15: Female independent and non-independent directors



Source: CGIO Database

Interestingly, a study on directors in Asia showed that China had the highest number of female independent directors at 12.3%. This was attributed to stricter rules on director independence¹⁹. Along with China, Australia also had a comparatively high number of female independent directors (17.7%).

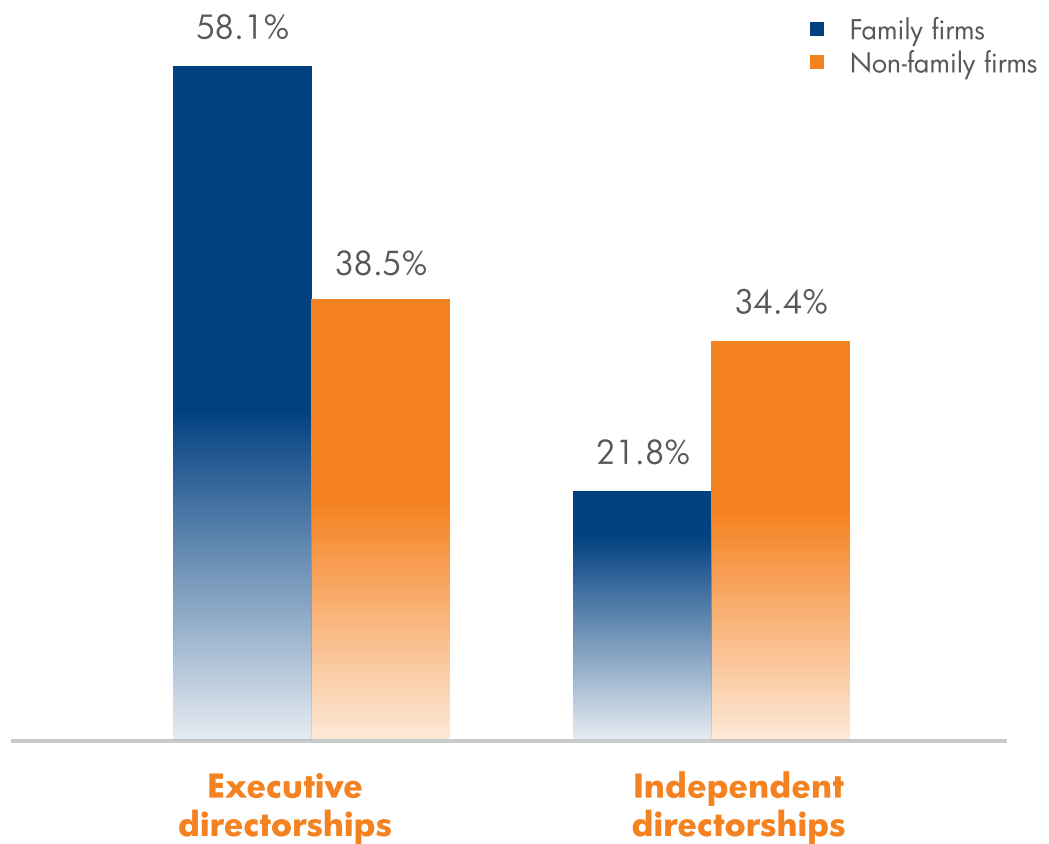
¹⁸ Independent directors are also non-executive directors, although not all non-executive directors are independent.

¹⁹ Korn/Ferry Institute. (2012). The Diversity Scorecard – Measuring Board Composition in Asia Pacific.

Female positioning in family firms

Female directors in family firms were often part of the family: 47.4% of female directors were found to be either owners or had family ties with the owner/founder of the company. In terms of types of directorships, female directors in family firms were even more likely to be in executive roles when compared to non-family firms (Figure 16). 58.1% of female directors in family firms were executive directors, while only 38.5% of female directors in non-family firms had an executive role²⁰.

Figure 16: Female positioning in family firms vs. non-family firms



Source: CGIO Database

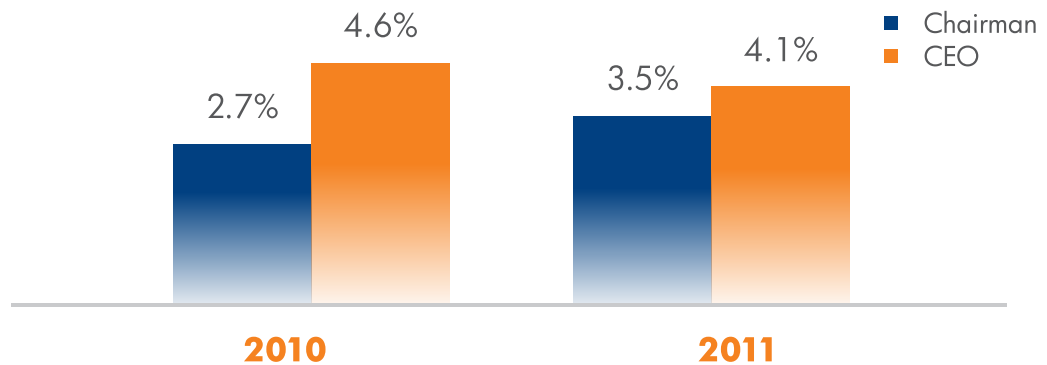
²⁰ Centre for Governance, Institutions & Organisations. (2011). Drawing a Portrait of Family Firm Governance in Singapore – A Study of SGX-listed Family Firms. Singapore.

7 FEMALE DIRECTORS AND BOARD LEADERSHIP

Board leadership remains elusive

Consistent with global averages we found that the representation of women in leadership roles within the board was very limited in Singapore. While 7.3% of directors were female, we find much lower percentages of women in CEO and Chair positions (Figure 17). In 2011, the percentage of women in CEO positions fell to 4.1%, lower than in 2010. And, although there was an increased percentage of Chair positions (3.5%) held by women, women are more likely to be CEO than Chairman.

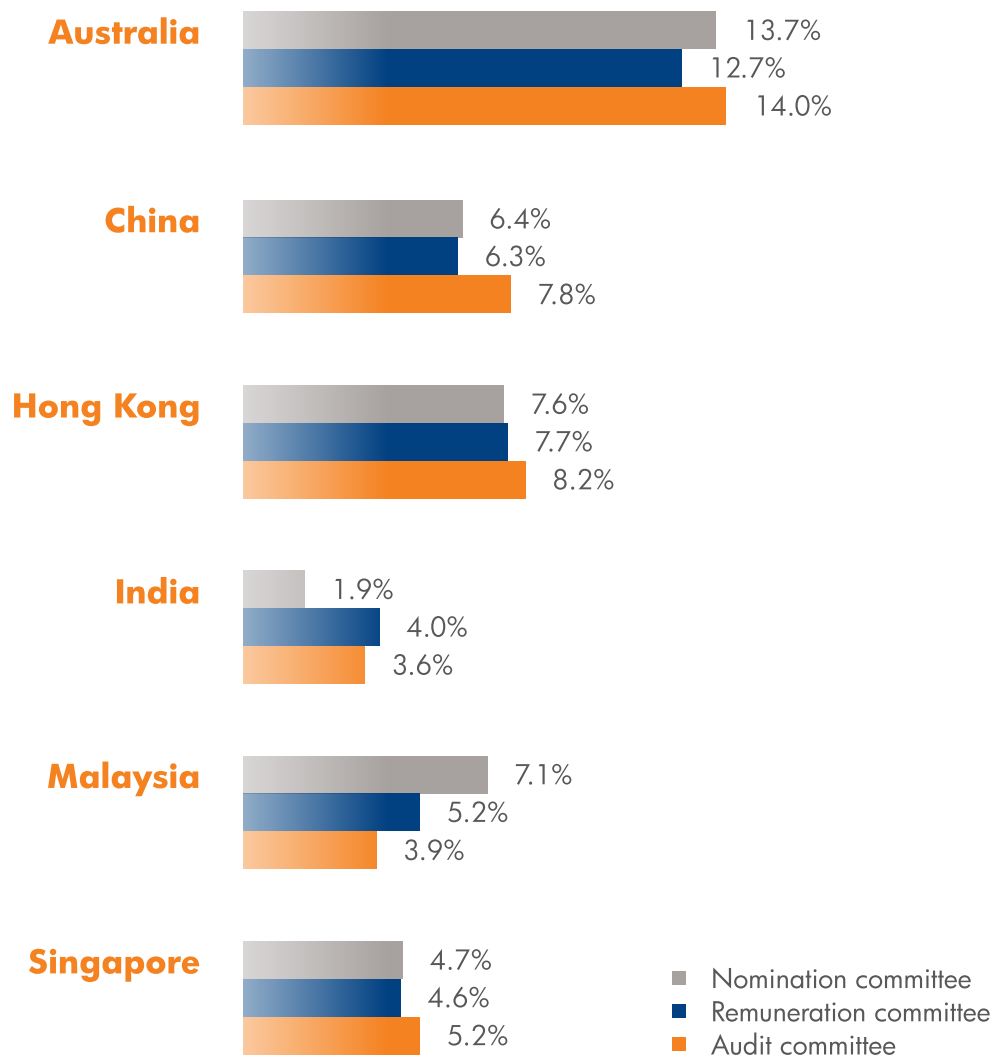
Figure 17: Women in CEO and Chair positions



Source: CGIO Database

Similarly, when compared to others in the region, women were less represented in board committees, whether in Chair positions or in committee memberships. After India, Singapore had the lowest female representation in the nomination and remuneration committees (Figure 18).

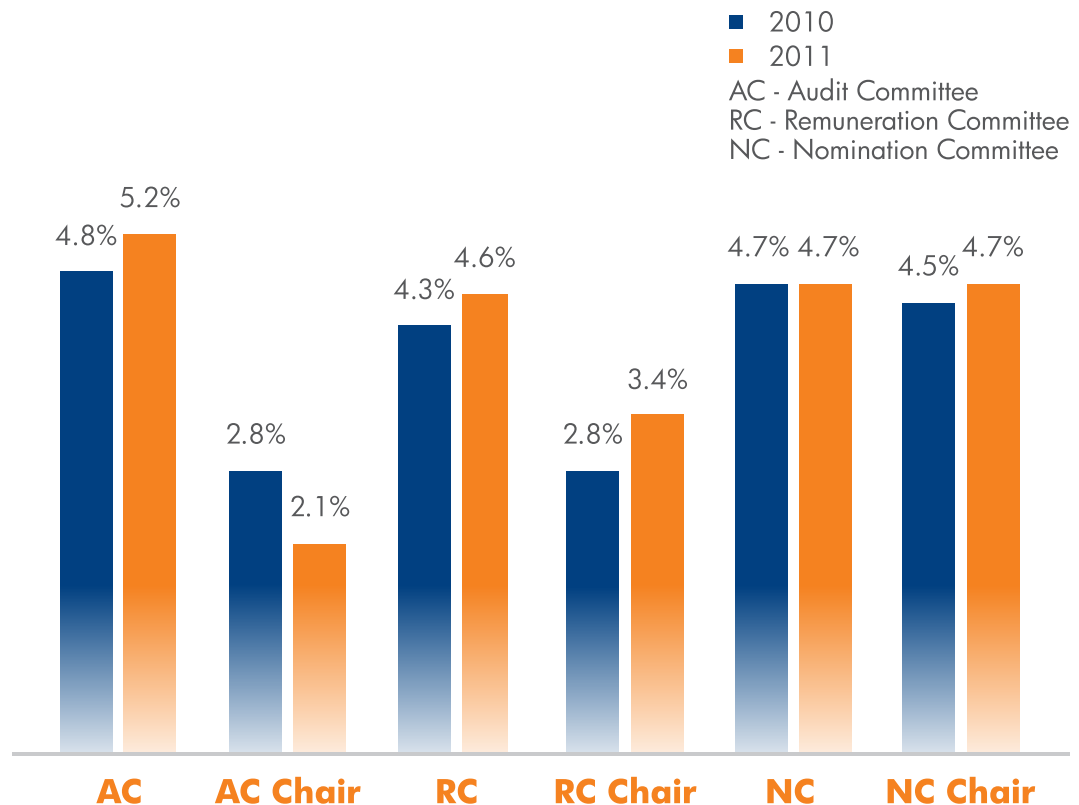
Figure 18: Female representation in committees within the region



Sources: CGIO (Singapore), GMI (Australia, China, Hong Kong, India, Malaysia)

In Singapore, the audit committee had the highest representation of female directors (5.2%) when compared to the other committees and the remuneration committee has the lowest number of female members (4.6%) (Figure 19). With regards to committee Chair positions, women were mostly represented as Chair of the nomination committee (4.7%), and least likely to be Chair of the audit committee (2.1%).

Figure 19: Female representation in board committees



Source: CGIO Database



JOHN LIM

**Chairman
Singapore Institute
of Directors**

Mr Lim is the Chairman of Gas Supply Pte Ltd and until recently, the Vice-Chairman of the Singapore Institute of Management. He is a member of the Corporate Governance Council, Securities Industry Council, Company's Act Review Steering Committee, Management Committee of Singapore Compact for Corporate Social Responsibility, and Senate Member of the Marketing Institute of Singapore. He is the Chairman for the "OECD Asian network on Corporate Governance for State Owned Enterprises" and a core member of the OECD Asian Roundtable. He also now sits on the boards, audit, remuneration and nominating committees of several listed and non-listed companies.

INTERVIEW WITH JOHN LIM

How important is board diversity generally, and gender diversity in the boardroom specifically, to create a high performing board?

Board effectiveness depends on a number of factors; having the right competencies, knowledge, skills and experience is a critical pre-requisite. In order to achieve this, diversity in the composition of the board, including gender diversity, is important and each board should carefully evaluate what types of diversity it requires for optimal effectiveness and act accordingly.

There is not a 'one size fits all'. Each board composition should reflect the requirements of the company although certain attributes are generally required for most boards.

The new code of corporate governance in Singapore states: "The board and its board committees should comprise directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company." Based on this guideline, what steps do you see SGX-listed companies taking to embrace gender diversity in the boardroom?

Because of the increased attention given to the issue of board diversity, particularly gender diversity, there is a greater focus on the role of the nominating committee in achieving a well balanced and competent board. And, with the call for greater disclosure on the board nominating and appointment process, we are likely to see more and more SGX-listed companies paying greater attention to board composition and appointment. Gender diversification is one form of diversity that is the most easily measured.

As independent directors are important for good corporate governance, do you see any evidence that SGX-listed companies are actively searching for more female independent directors? If so, what actions should companies be specifically taking?

I think companies will be paying greater attention to the representation of women on their boards and not necessarily only as independent directors. In fact, I foresee the possibility of more women emerging as executive directors.

The 2012 Singapore Board Diversity Report revealed that both statutory boards and family company boards had higher percentages of women on their boards. Why do you think this is the case?

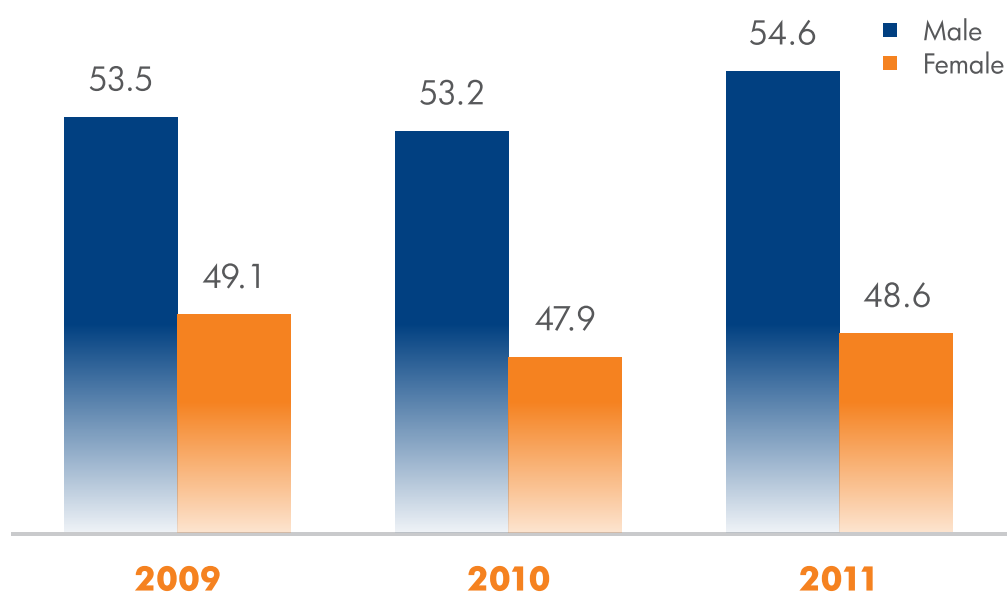
In my opinion, this is a reflection of the percentage of women in senior positions in the civil service and the practice of having senior members of the service on statutory boards outside their own ministry as part of their development. In the case of family controlled companies, this could be a result of the increasing practice of considering capable female members of the family for board appointments. The above is purely based on my own observations and not backed by empirical evidence.

8 PROFILE OF FEMALE DIRECTORS

Average age remains lower than men

The average age of women directors continued to be lower than men (Figure 20). In 2011 the average age for female directors was 48.6 years and that of male directors was 54.6 years, a six-year difference²¹. The lower average age of female directors compared to male directors is consistent with data from other countries. Globally, the average age of female directors was 54.7 years while that for male directors was 57.5 years²². Female directors in the UK had an average age of 55.1 years, while for male directors it was 58.1 years²³. The same trend was observed around the region²⁴.

Figure 20: Average age of directors



Source: CGIO Database

²¹ These were based on the ages disclosed by 111 female directors and 1,989 male directors.

²² The Korn/Ferry Institute. (2012). The Diversity Scorecard – Measuring Board Composition in Asia Pacific.

²³ Cranfield School of Management. (2012). The Female FTSE Board Report 2012 - Milestone or Millstone?

²⁴ The Korn/Ferry Institute. (2012). The Diversity Scorecard – Measuring Board Composition in Asia Pacific.

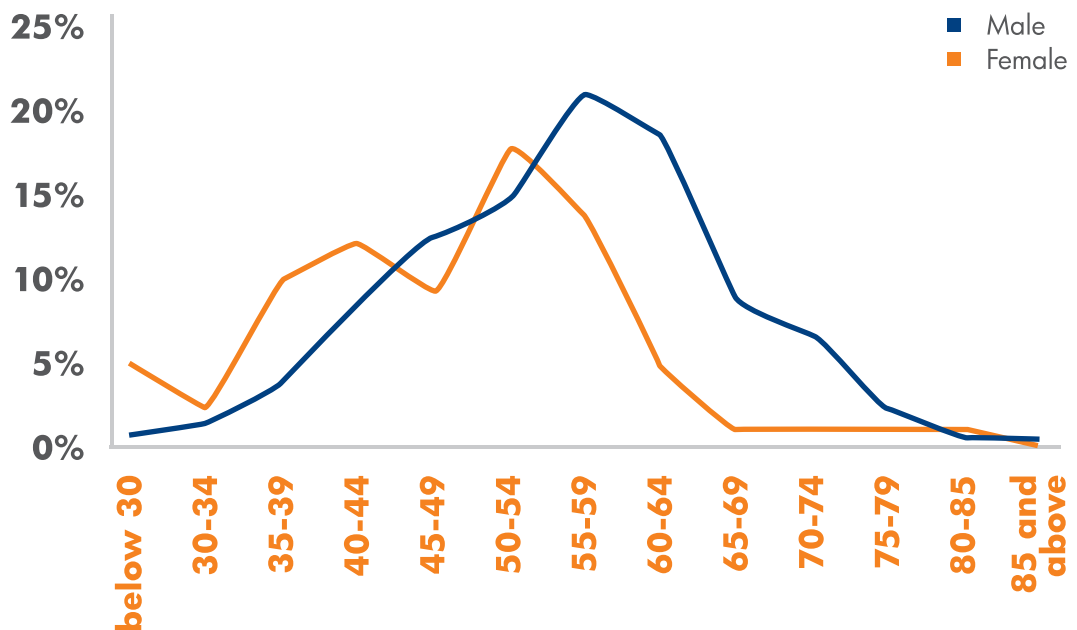
Tenure of Directors

In Singapore, the average tenure of male and female directors was similar at 9.2 years and 9.9 years respectively. The age distribution of directors differed significantly between male and female directors. Female directors are better represented among the youngest directors, and they tend to retire earlier than their male counterparts (Figure 21).

More women than men held directorships at a younger age. For example, while 7.0% of female directors were between the ages of 25-35 years, only 1.9% of male directors held directorships in this age range. Most female directors (20.7%) were between the ages of 50-54 years, whereas most male directors (21.2%) were between the ages of 55-59 years. Interestingly, only 3.6% of female directors held positions beyond the age of 65 years, however 18.8% of male directors were found to be above the age of 65 years.

Only 3.6% of female directors held positions beyond the age of 65 years, however 18.8% of male directors were found to be above the age of 65 years.

Figure 21: Average age distribution of directors

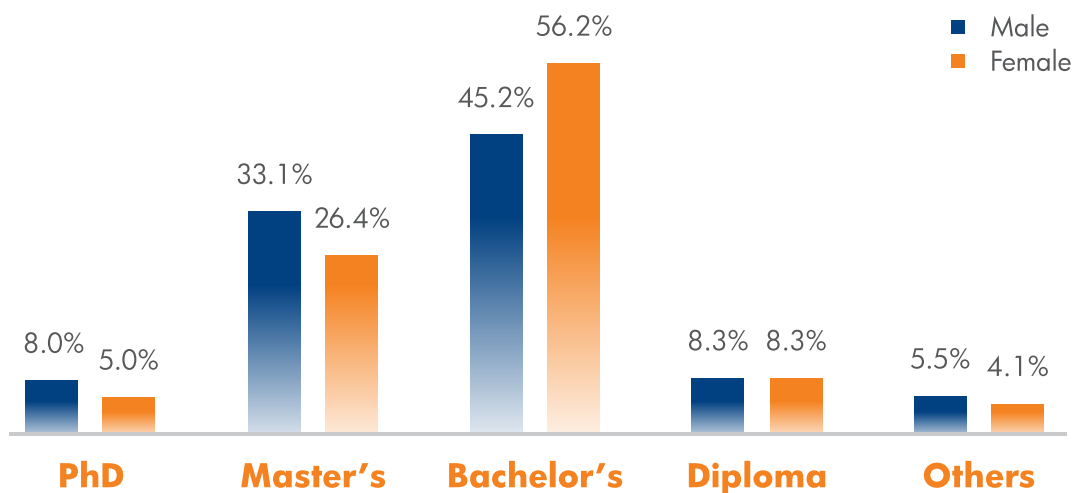


Source: CGIO Database

Education

More than half of the female directors (56.2%) held a Bachelor's degree, 26.4% held a Master's degree and 5.0% held a PhD, while male directors continued to have a higher percentage of Master's (33.1%) and PhD (8.0%) qualifications (Figure 22).

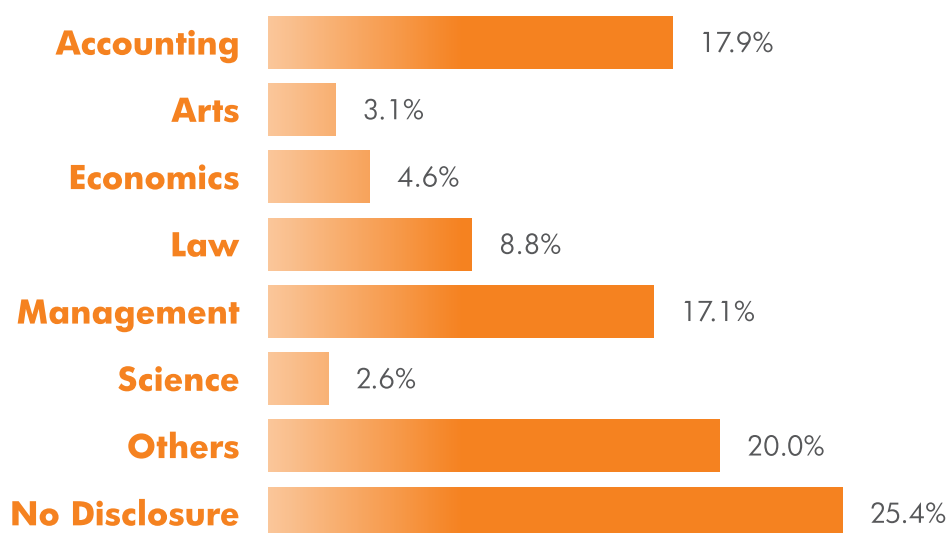
Figure 22: Type of educational qualifications



Source: CGIO Database

The most prevalent educational background among women was a degree in accounting (17.9%) or in business administration (17.1%). A considerable number of women (8.8%) had a law background. Other common areas of education included economics, science, and arts (Figure 23).

Figure 23: Area of education for female directors

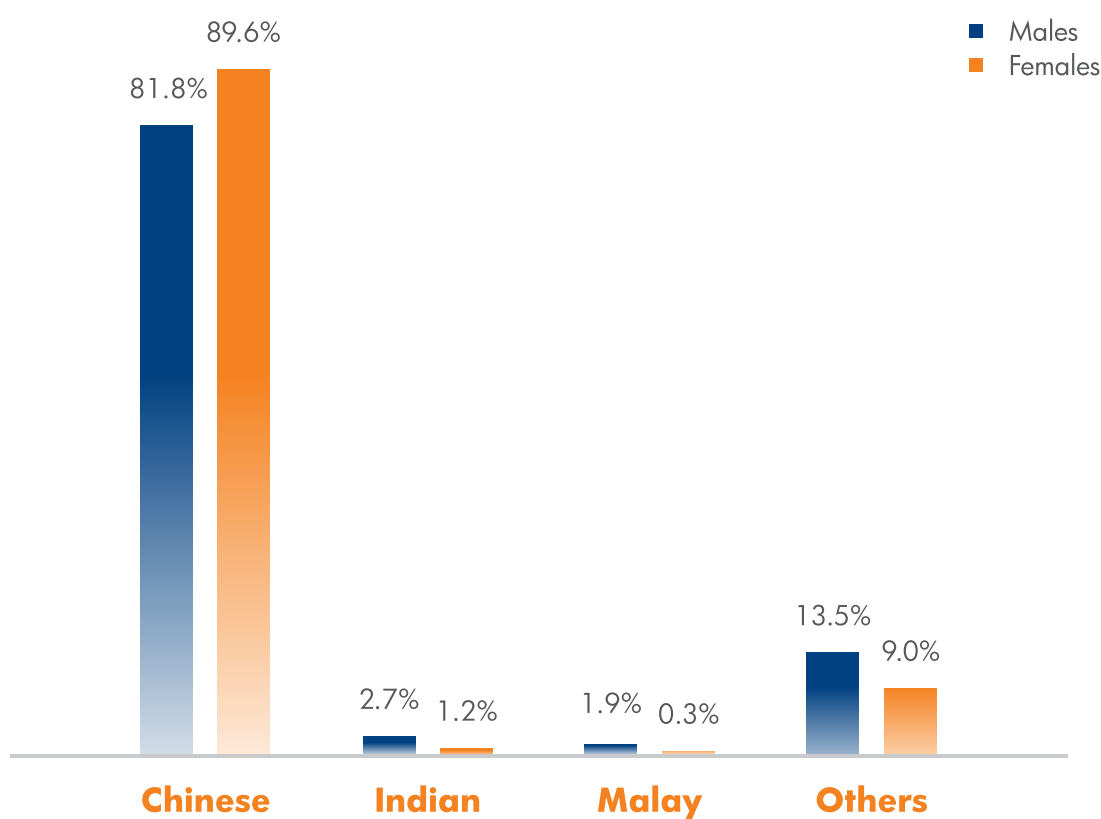


Source: CGIO Database

Ethnicity

We used director's names as a proxy for ethnicity and we found that female directors in Singapore were predominantly ethnic Chinese (89.6%), slightly higher than male directors (81.8% had Chinese names). Malay female directors had the lowest representation at 0.3% and Indian female directors were slightly higher but still low with a 1.2% representation (Figure 24).

Figure 24: Ethnicity of directors



Source: CGIO Database

9 CONCLUSION

Gender diversity scene starting to change?

The momentum for gender diversity in Singapore is gaining pace. It is a positive sign that SGX-listed companies saw an increase in the number of directorships held by women and that there is a small but expanding pool of women directors.

This year's study also reveals that the ownership of a firm has a considerable impact on its female board representation. Statutory boards and Temasek-linked companies led the way with higher percentages of women, as did family firms. Local Singapore companies also had a higher percentage of female directors compared to foreign listed firms.

Another key area of interest is the type of directorships held by women. In Singapore, executive directorships and non-independent directorships were the most common type of directorships for female directors. Women were less represented in non-executive roles and independent directorship roles. In last year's report we noted that this might be due to more informal recruitment procedures for non-executive roles.

Over 500 new independent directors would need to be hired if companies would comply with the new corporate governance code. Recruiting women for these roles could be a quick way to improve gender diversity in Singapore's boards.

The new corporate governance code has tightened the definition of independent directors, as a result, a number of directors will no longer be classified as independent. To meet the criteria on minimum numbers of independent directors, new ones will need to be recruited. According to the code, the independence of directors should be strictly reviewed after holding the position for more than nine years. We found that 24.9% of independent directors have held directorships for nine years or longer. If their independence were to be reviewed this would create a demand for 506 new independent directors. As such, we expect many boards will be looking to hire new independent directors in the next few years providing an opportunity to bring in more female directors onto boards in Singapore.

In conclusion, Singapore has improved its gender diversity on boards, but the levels remain low and the gap with other countries is increasing. The number of all-male boards did not decrease significantly and their prevalence remains above other countries in the region. A new corporate governance code that contains recommendations of the importance of gender diversity in the boardroom is a positive sign that the subject is gaining attention in corporate Singapore, although there is no minimum requirement or reporting requirement in Singapore, as there is in several other countries. If companies can translate higher awareness of the positive effects of gender diversity into action, we may see Singapore improve in the global rankings in the near future.

ABOUT THIS REPORT

This report is a joint initiative between the Centre for Governance, Institutions & Organisations (CGIO) at NUS Business School and BoardAgender with the aim of tracking boardroom gender diversity in Singapore on an annual basis. Sponsorship from UBS and SGX is gratefully acknowledged.

The report focused on Singapore-listed companies (Mainboard and Catalist) and covered 4,799 directorships in 693 SGX-listed companies based on companies' annual reports with financial year end between 31 Oct 2010 – 30 Sep 2011. The report also contained analysis of trends derived from the CGIO directors' database covering 2008 – 2011. For comparison, 65 statutory boards and 28 REITs and trusts were also analysed separately.

The Centre for Governance, Institutions & Organisations (CGIO) was established by NUS Business School in 2010 and aims at promoting relevant and impactful research on governance issues that are relevant to Asia. The Centre's research includes corporate governance, governance in family firms, state-linked companies and business groups.

BoardAgender is a Singapore Council of Women's Organisations (SCWO) initiative, whose aims are endorsed by the Ministry of Community Development, Youth & Sports (MCYS) in Singapore. BoardAgender aims to provide a forum in Singapore to facilitate a greater awareness and understanding of the benefits of gender balanced business, and the advancement of more women into senior leadership roles and the boardroom.

Acknowledgements

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