

PRESS RELEASE

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Gender diversity in boardrooms enhances financial performance and corporate governance: NUS study

- *Female representation increasing in SGX-listed boardrooms but at slow pace, rising from 7.3 per cent to 7.9 per cent*
- *CCFH and Malacca Trust top inaugural gender diversity ranking*

14 November 2013, Singapore – The greater the gender diversity in the boardroom, the better the financial performance and governance of the firm, according to the third edition of the Singapore Board Diversity Report, an annual publication by NUS Business School's Centre for Governance, Institutions and Organisations (CGIO) and BoardAgender.

Supported by UBS and the Singapore Exchange (SGX), the latest report is based on a study of 677 SGX-listed companies which released their annual reports in Financial Year 2012. It marked the first time that the researchers investigated the effects of female representation in boardrooms on companies' performance and corporate governance.

Significantly, the study found that the appointment of a new female director to a board was usually followed by improved Returns on Asset (ROA) and Returns on Equity (ROE) over the next three years. In addition, cross referencing the findings against CGIO's Governance and Transparency Index (GTI) found that firms with higher-than-average female representation in the boardroom not only had better GTI total scores, they also tended to fare better in the categories of transparency and investor relations, as well as remuneration (see page 31 of report).

"These findings suggest that board diversity is beneficial to corporations", said NUS Business School Assistant Professor Meijun Qian and co-author of this study. "Yet, almost 60 per cent of SGX-listed firms do not have any women on their boards", she added.

Gender diversity continues upward trend, but at slow pace

Only 7.9 per cent of all board directors in Singapore were women in 2012, up marginally from 7.3 per cent the year before and 6.9 per cent in 2010, indicating the slow progress in boardroom gender diversity.

In contrast, regional peers such as Indonesia (11.6 per cent), Malaysia (8.7 per cent) and Hong Kong (9.4 per cent) have had higher proportions of female directors.

Women also continued to occupy fewer directorships per person in Singapore compared to men. In 2012, 17.2 per cent of male directors held more than one board position, compared to 6.3 per cent of the women. Females also continued to be under-represented in leadership positions on the board, with only 4.6 per cent of chief executives and 3.4 per cent of chairmen being women.

The proportion of all-male boards remained high at 58.2 per cent, slightly down from the previous year's 60 per cent.

Silver lining

Singapore-based companies among the SGX-listed companies did, however, have a higher-than-average proportion of female directors, at 9.5 per cent. Family firms and companies under the Temasek Holdings portfolio also had greater female representation on their boards, scoring 8.8 per cent and 8.4 per cent respectively.

The industries with the highest proportions of women in the boardrooms were the property, hotels/restaurants, and commerce sectors, while the lowest representation was in the manufacturing and multi-industry sectors.

In a new gender diversity ranking introduced in this report, investment holding firm CCFH and Malacca Trust jointly clinched the top spot among the SGX-listed companies examined, while Banyan Tree Holdings and Straits Trading jointly held third place. The ranking took into account the proportion of women and their leadership roles in boardrooms.

"Overall, the findings provide hope for gender diversity in Singapore's boardrooms. We are also heartened that the topic of gender diversity in boardrooms has gained more prominence since we published our inaugural report in 2011. However, progress is at snail's pace. At the current rate, it will take Singapore until 2026 to catch up with Australia and that is assuming they do not improve. Thus, in our efforts to celebrate diversity and stimulate board renewal, we launched the gender diversity ranking this year. We hope that our annual study will continue to generate awareness and guide discussions on governance quality in Singapore," said NUS Business School Associate Professor and CGIO Associate Director, Marleen Dieleman, another co-author of this study.

Added Ms Junie Foo and Laura Hwang, Co-Chairs of BoardAgender: "Even though this report shows that there are more women in our boardrooms, it is such a small change of 0.6 per cent compared with substantial improvements in countries around us. Singapore is one of the most globally competitive and business friendly countries in the world – for which we should be proud – but it is falling further behind in gender diversity at board level. This report shows how human capital is key to corporate success and making use of both women and men who are experienced and eligible will support firms in achieving this objective. Through this report, we hope to continue to posing the question to

companies on how to raise gender balance and inspire more to make gender diversity a strategic priority."

Mr Magnus Böcker, Chief Executive Officer, Singapore Exchange, also remarked: "The business cause for having more gender diversity has been established again. It is the breadth of perspective which benefits organisations. Companies with wider perspectives on their boards and management tend to see better performance. We are encouraged to note the slight improvement in gender representation and diversity in boardrooms. However, we still have a long way to go. We urge companies and their boards to place greater importance on gender representation and board diversity."

"UBS is delighted to be the sponsor of the Singapore Board Diversity Report 2013. As a firm, we believe diversity and inclusion is a major factor to business success and is at the heart of our business. We recognise that differences in age, race, gender and nationality bring richness to our world view and experiences. Attracting, developing and retaining a base of employees that reflects the diversity of our clients is essential to our success. We hope that the Singapore Board Diversity Report 2013 will add to the intellectual capital related to the topic and heighten the awareness of building an inclusive corporate environment," said Mr Edmund Koh, Country Head, UBS Singapore.

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About Centre for Governance, Institutions and Organisations

The Centre for Governance, Institutions and Organisations (CGIO) was established by the National University of Singapore (NUS) Business School in 2010 and aims to promote relevant and impactful research on governance issues that are relevant to Asia, including corporate governance, governance of family firms, state-linked companies, business groups, and institutions. CGIO organises events such as public lectures, industry roundtables and academic conferences on topics related to governance.

NUS Business School is known for providing management thought leadership from an Asian perspective, enabling its students and corporate partners to leverage global knowledge and Asian insights.

The school has consistently received top rankings in the Asia-Pacific region by independent publications and agencies, such as The Financial Times, Economist Intelligence Unit, and QS Top MBA, in recognition of the quality of its programmes, faculty research and graduates. In the 2013 Financial Times Global Rankings, the NUS MBA is ranked 36th, while the UCLA – NUS Executive MBA

and Asia-Pacific Executive MBA are ranked 5th and 17th respectively. In the biannual Forbes rankings for two-year MBA programmes, NUS Business School is ranked the top school in Singapore and Asia, and second among business schools outside the United States.

The School is one of the 16 faculties and schools at NUS. A leading global university centred in Asia, NUS is Singapore's flagship university which offers a global approach to education and research, with a focus on Asian perspectives and expertise. Its transformative education includes a broad-based curriculum underscored by multi-disciplinary courses and cross-faculty enrichment. Over 37,000 students from 100 countries enrich the community with their diverse social and cultural perspectives.

For more information, visit bschool.nus.edu.sg

About BoardAgender

BoardAgender is a Singapore Council of Women's Organisations (SCWO) initiative, whose aims are endorsed by the Ministry of Social and Family Development 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.