

SINGAPORE BOARD DIVERSITY INDEX

RESULTS PRESENTATION BY WILLIS TOWERS WATSON

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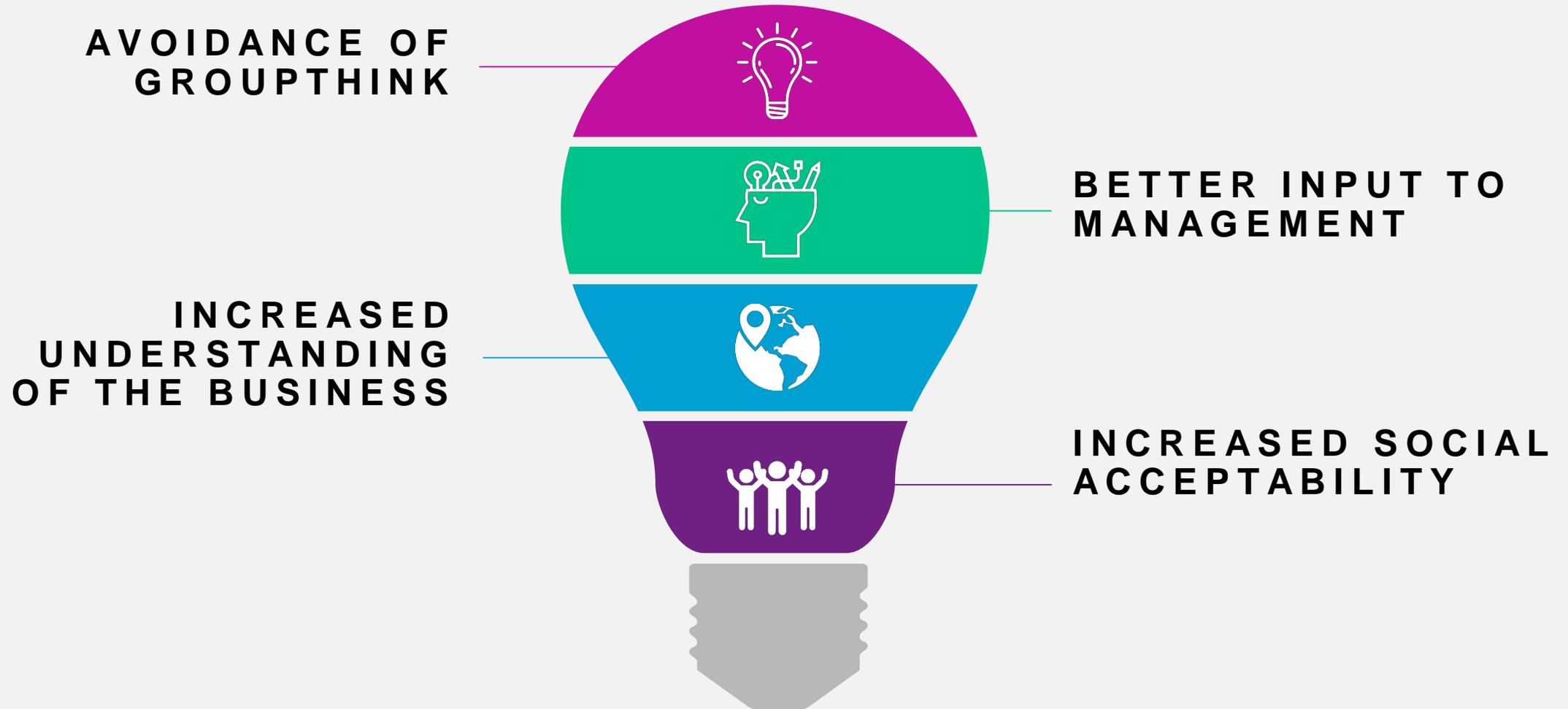
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AGENDA

- 1. About the study and scoring the dimensions of Board Diversity**
- 2. Singapore Board Diversity results**

About the Study

IMPORTANCE OF BOARD DIVERSITY



IMPORTANCE OF BOARD DIVERSITY



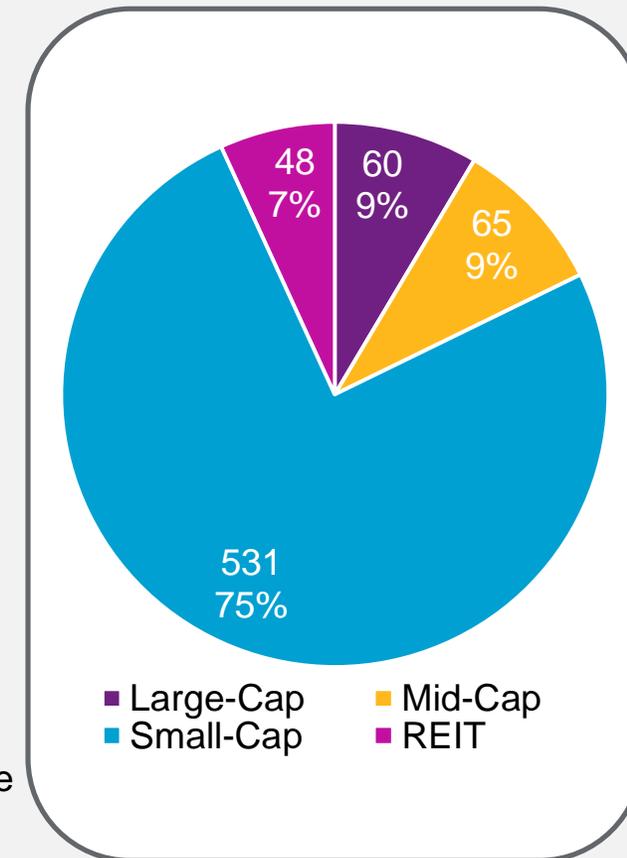
A well-constituted Board fosters more complete discussions leading to better decisions and enhanced business performance. The latest version of the Code expands the need for a strong and independent element on the Board, along with diverse skill set.”

~ Singapore Code of Corporate Governance 2018

ABOUT THE SINGAPORE BOARD DIVERSITY INDEX

- The Singapore Board Diversity Index was developed by Willis Towers Watson (WTW) in partnership with Singapore Institute of Directors (SID), with support from BoardAgender;
- This index analysed 704 companies with primary-listing on the SGX (Main Board and Catalist):
 - **Large-Cap:** market cap of **S\$1 billion or more**
 - **Mid-Cap:** market cap of **S\$300 million to \$1 billion**
 - **Small-Cap:** market cap of **less than S\$300 million**
 - **Real-Estate Investment Trusts and Business Trusts**
- We have analyzed Board diversity across eight attributes;
- Data is collected from company annual reports, websites, director biographies and broader desktop research, and is effective as at 30 June 2019;
- Executive Directors are included as part of the analysis (except for dimension of tenure);
- The index provides a snapshot of Singapore’s Board diversity landscape; it is not a reflective of, nor meant to predict company performance and corporate governance standards;
- We are not claiming that a diverse Board automatically guarantees good corporate governance. Board diversity brings different perspectives and experience to the Board’s deliberations, but good corporate governance is a continuous process and reflective of overall Board proceedings;
- Finally, we would like to thank the Secretariat of the Council for Board Diversity(CBD) for assisting in the data collection and providing useful insights and feedback on the development of the index.

Distribution of Companies By Market Cap



SCORING METHODOLOGY

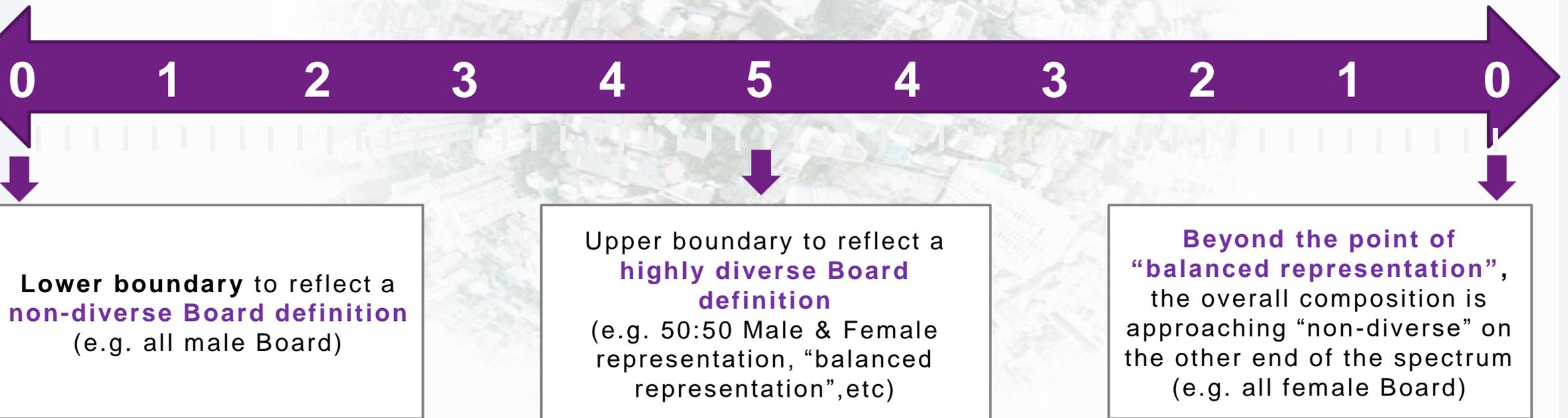
MAX SCORE

40

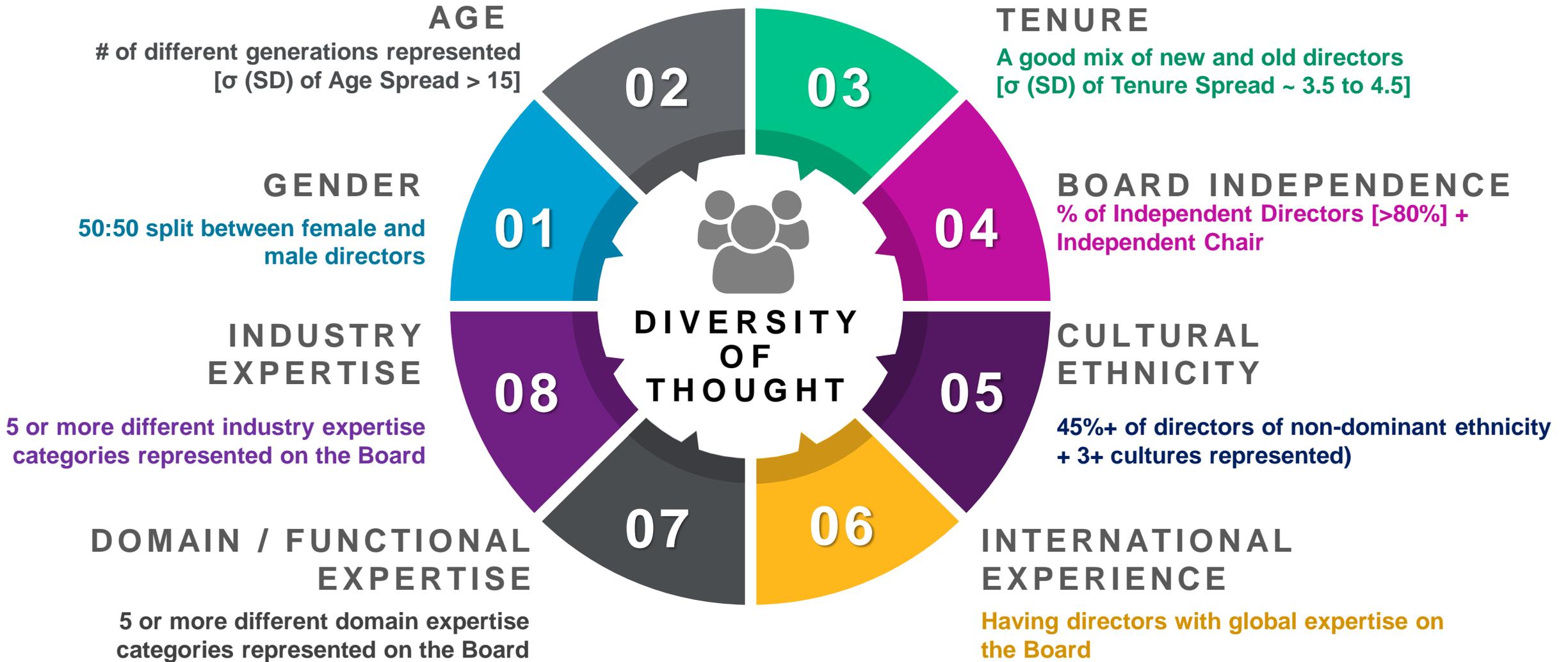
- The index is created on a **relative rank basis** - there is no intended “passing score” for the index
- Scores are assigned to companies based on their aggregate performance against **8 diversity elements**
 - Each diversity element is assigned a score using a 5-point scale
 - The total diversity score is obtained by aggregating the scores of the 8 elements (“Total Score”)

DIVERSITY IS ABOUT MIX

Our methodology seeks to capture the “**mix**” and the “**representation**” of each dimension in the company’s Board



KEY DIMENSIONS OF SINGAPORE BOARD DIVERSITY INDEX



#1 GENDER DIVERSITY - OVERVIEW

WHY GENDER DIVERSITY

Gender diverse Boards have a mixed representation of male and female directors who bring **different perspectives, competencies, functional expertise, approaches to stewardship and risk-reward orientation**, that **enhance the quality of Board decisions made**.



16.2% | 11%

of the board seats in Singapore-listed companies are held by women



30% | 15%

of SGX-listed companies have **> 20%** women's participation on boards



19% | 45%

of Singapore listed companies **do not have a female** on the board

[Top 100 SGX companies CBD statistics \[Dec 2019\]](#) | [All SGX Board Diversity Index Study 2019 by WTW \[Jun 2019\]](#)

CBD TARGETS FOR WOMEN ON TOP 100 SGX-LISTED COMPANY BOARDS TO BE 20% BY 2020, 25% BY 2025, AND 30% BY 2030

#2. AGE DIVERSITY - OVERVIEW

WHY AGE DIVERSITY

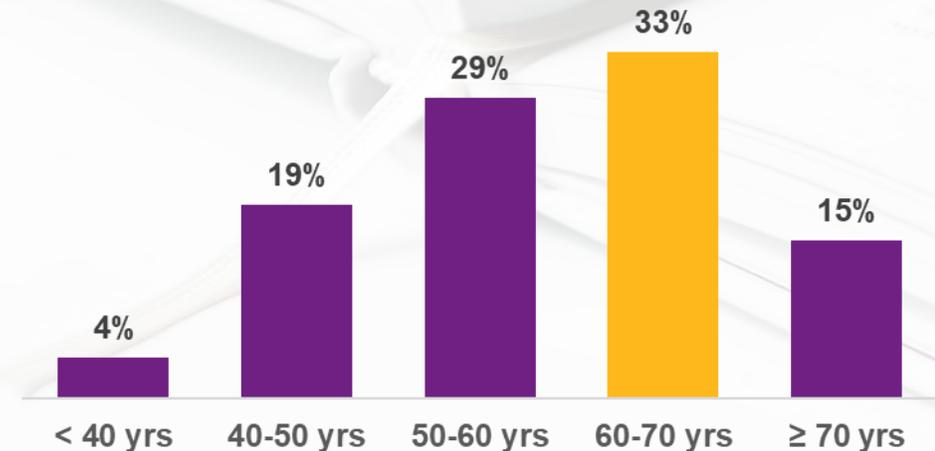
Fair representation of people from different age groups can introduce **fresh perspectives** and bring different life experiences to the Board room. Age diversity has been found to broaden debates within Boards, **reduce the risk of group think** and stay **relevant** in the market.

58

Average age of directors
on SGX-listed Boards



of SGX-company Boards
have **two or more directors**
below **50 years old**.



1/3 of SGX directors are aged
between **60-70 years old**

#3. TENURE DIVERSITY - OVERVIEW

WHY TENURE DIVERSITY

Tenure diversity is an important component of effective governance and board monitoring. A balance of directors with long and short tenures allows the board to benefit from senior directors' **knowledge continuity** whilst **mitigating the risk groupthink and loss of independence** through introduction of new directors.

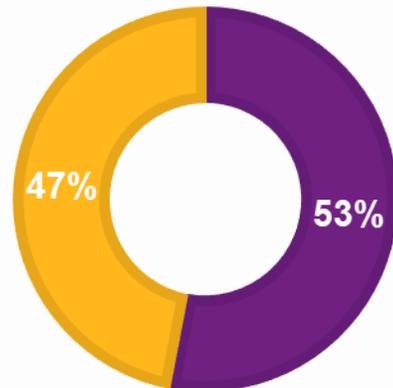


#4. INDEPENDENCE OF THE BOARD - OVERVIEW

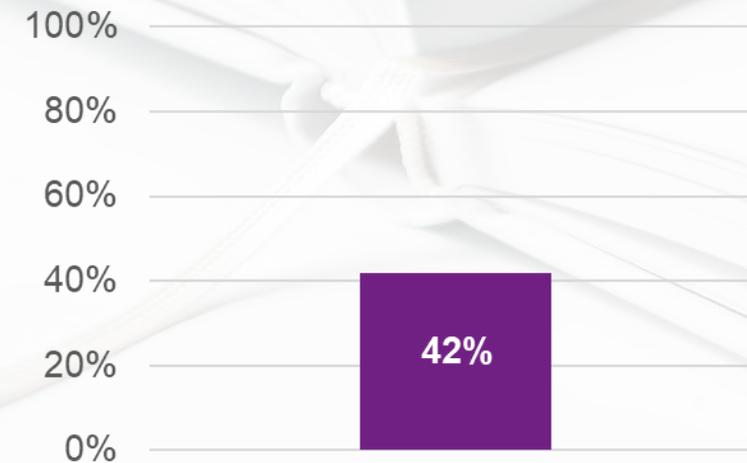
WHY BOARD INDEPENDENCE

Boards with majority independent directors are more likely to have **unbiased decision-making aligned with shareholders' interests**. Independent board members can **bring external expertise which can reduce agency costs** and help improve performance.

■ Independent Directors ■ Non-Independent Directors



On average, independent directors make up **53%** of the Board seats



Only 42% of SGX boards currently have majority independent directors

#5. CULTURAL DIVERSITY - OVERVIEW

WHY CULTURAL DIVERSITY

Cultural backgrounds and values shape **individuals' perceptions and behavior**. Ethnically diverse Boards benefit from broader range of thought/ experience and reduced risk of cultural prejudices, which **enhances quality of decision making**. It also helps with better representation of and **sensitivity to stakeholders** from different cultural backgrounds



Demographics of Singapore:

- 74.4% Chinese
- 13.4% Malays
- 9% Indians
- 3.2% Others

Source: Department of Statistics Singapore – Population Trends 2019

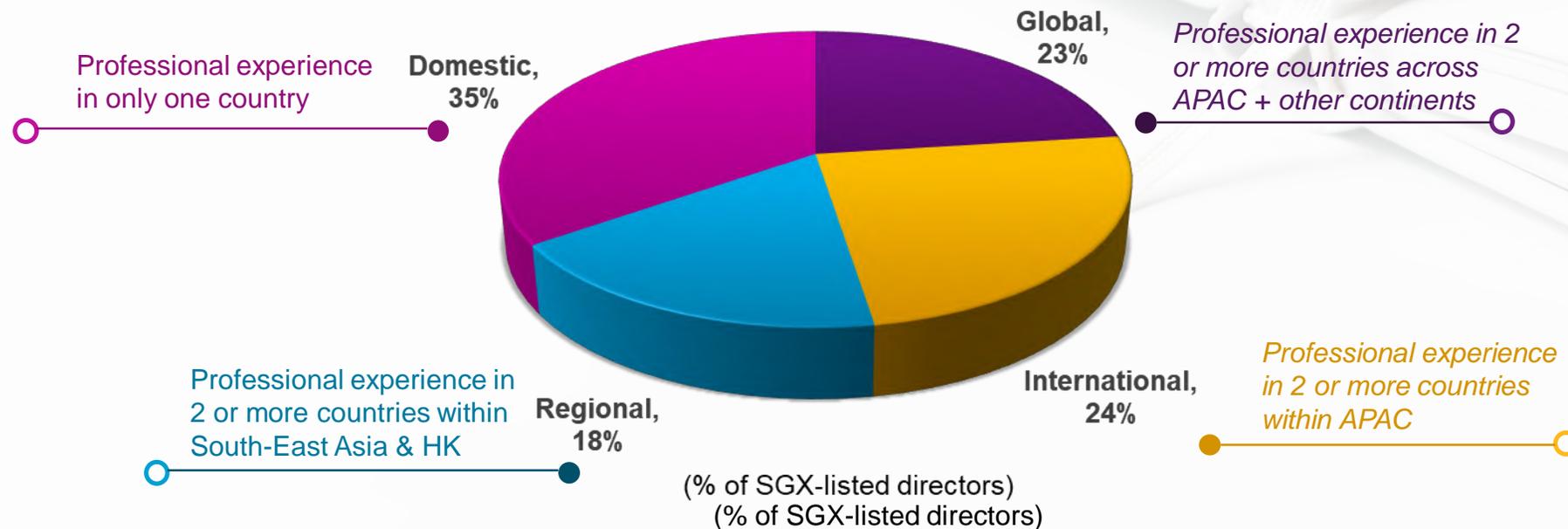


#6. DIVERSITY OF INTERNATIONAL EXPERTISE - OVERVIEW

WHY DIVERSITY OF INTERNATIONAL EXPERTISE

Directors with different international backgrounds contribute to **diversity of thought, experience and market-specific knowledge** (e.g. market practice, governance, political dynamics). Diversification of directors' international expertise helps the Board to **respond more quickly to changes** and can **provide access into critical markets**

Directors' International Expertise has been classified into 4 categories:

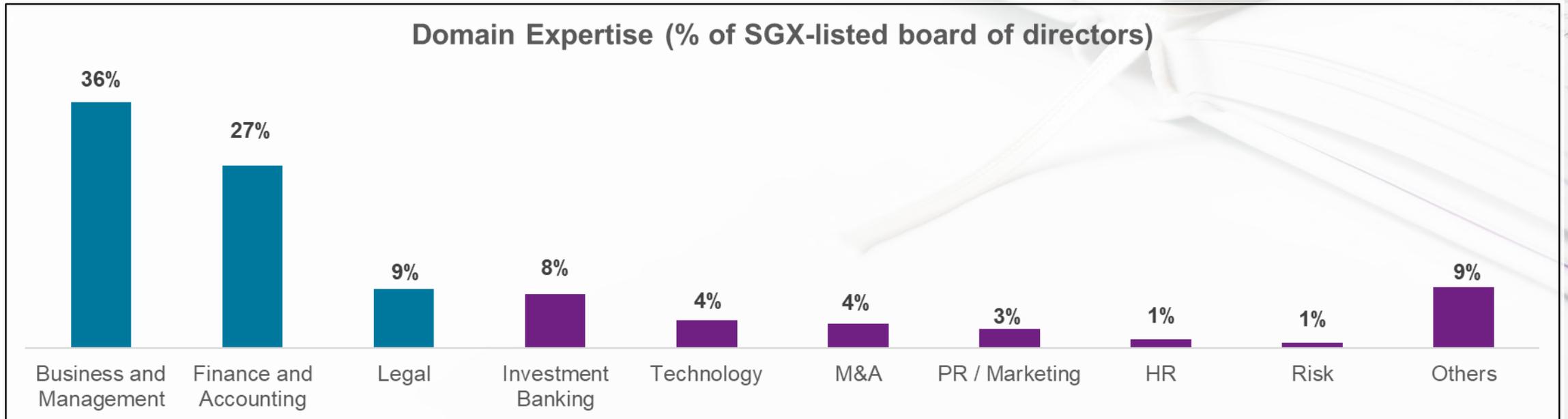


#7. DIVERSITY OF DOMAIN EXPERTISE - OVERVIEW

WHY DIVERSITY OF DOMAIN EXPERTISE

Diversity of professional experience and backgrounds brings **greater resources to problem solving** and skills that support the duty of boards to **monitor corporate performance and provide strategic oversight** (e.g. risk/legal/finance & accounting contribute to higher quality monitoring, management skills relating to advisory)

Domain Expertise has been classified into 10 categories:

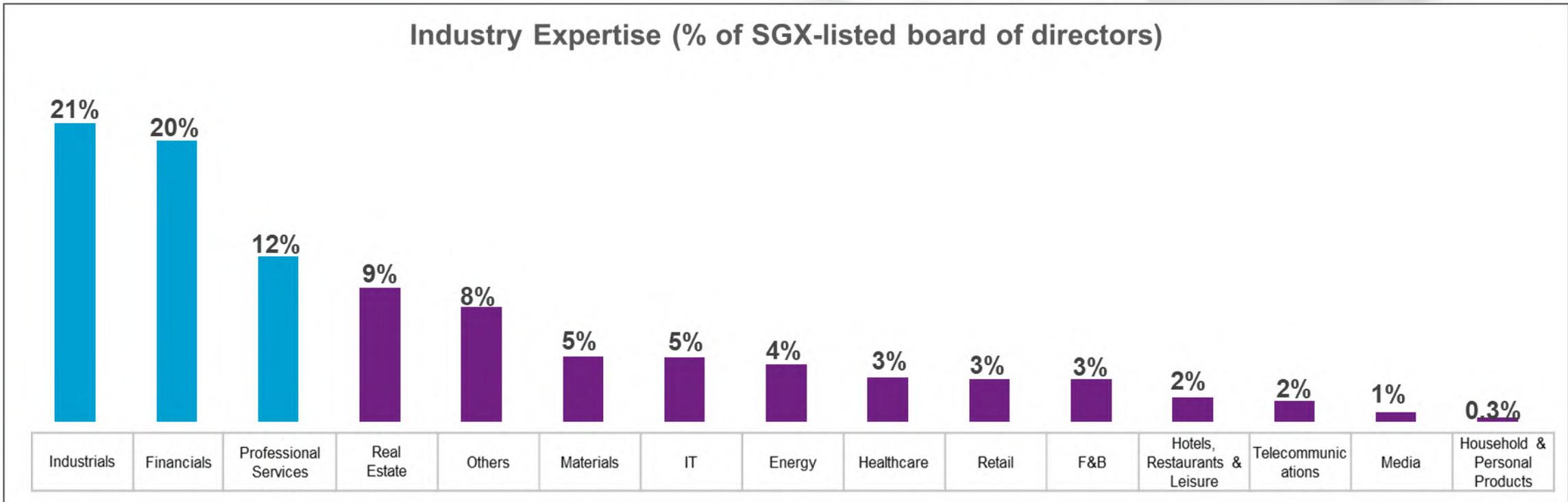


Note: Each director may be tagged to up to 2 domains

#8. DIVERSITY OF INDUSTRY EXPERTISE - OVERVIEW

WHY DIVERSITY OF INDUSTRY EXPERTISE

The board is collectively accountable for the long-term success and financial soundness of the company, which requires directors to have **foresight, insight and oversight** of how an organization is managed. To add this level of strategic value, boards need to have diversity in its directors' **business knowledge** and **professional experiences**.



Thank You

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