


# ***Board diversity disclosures in Singapore***

## ***A good practice guide***



A man and a woman in business attire are walking and talking in a modern office hallway. The man is on the left, wearing a light blue shirt, a striped tie, and dark trousers. The woman is on the right, wearing a light grey blazer, a white shirt, and grey trousers. They are both smiling and looking at each other. The background features large windows and a modern staircase with a glass railing.

*“Diversity is important for an effective board because it reduces groupthink and uncritical conformity. Diversity is more than about gender. However, gender diversity is a significant issue as women are clearly and significantly under-represented on Singapore boards.”*

*Willie Cheng, Chairman, Singapore Institute of Directors*

# Foreword

Embracing diversity and inclusion is part of our values and we believe it will positively benefit our people, clients, and the Singapore community.

At PwC Singapore, we believe in bringing together the perspectives of individuals from all backgrounds, skill-sets, life experiences, abilities and beliefs to help create better outcomes for our clients, our people and our communities. We value and harness workplace diversity to spur creativity and innovation. Already it is providing fresh perspectives to help our clients solve important business problems, foster growth and create value for businesses.

In the new world of disruptive change, where organisations need to continuously adapt, all aspects of diversity will be important for Singapore's future. In line with this, for the past three years, we have been increasingly focused on embracing diversity and inclusion to best support our clients.

I'm proud of the great diversity in our firm. Our team comprises people from over 40 nationalities. Whilst gender diversity is just one aspect of diversity, I am particularly proud that the number of female partners in Singapore has increased from 24% in FY14 to 29% in FY17. Of the eight new partners promoted on 1 July 2016, six were female. However more significantly, they originated from five different cultures and nationalities – namely Australia, India, Myanmar, the Netherlands and Singapore, and have extensive international work experience.

On 5 October 2016, the Diversity Action Committee ("DAC") made recommendations to the Monetary Authority of Singapore ("MAS") to strengthen the Code of Corporate Governance, requiring companies to disclose their diversity policy (including gender), self-set measureable objectives, and progress made in achieving these objectives. This report compliments the DAC's recommendations.

In this report, we discuss the benefits of board diversity. We have specifically studied disclosures across selected companies and found how disclosure can be used as a strategic lever for competitive advantage and long-term value.

We trust that this good practice guide assists preparers of annual reports when preparing their corporate governance disclosures on board diversity.



**Yeoh Oon Jin**  
Executive Chairman, PwC Singapore



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# Introduction

## Gender diversity on boards – a strategic endeavour

A 2016 PwC (United States) Annual Corporate Directors Survey noted that whilst the most desirable attribute of corporate directors is financial experience (93%), followed by industry, operational, risk management, and international experience, 41% of respondents also responded that gender diversity is important. (figure 1.)

Gender diversity on boards has been the focus in studies of board diversity. Numerous studies, both globally and in Singapore, have examined the correlation between gender equality in the board room and company performance, and concluded that:

- More diverse boards have higher shareholder returns
- Increased representation of women on boards contributes to better informed-decision making and all-round performance

**Figure 1: Corporate Directors acknowledge the importance of board diversity**

*% of corporate directors identifying these attributes as important to their boards.*



Source – 2016 PwC Annual Corporate Directors Survey

## Using good disclosure to contribute and communicate an organisation's long-term value.

Globally, policy-makers have put various measures into place to increase the gender diversity of boards. Whilst quotas are commonly used in Europe, regulators of other countries such as the United Kingdom, Australia and Hong Kong have preferred to focus on mandatory comply-or-explain mechanisms.

Currently, in Singapore, the Code of Corporate Governance requires companies to consider diversity as part of board nomination processes in line with the Code of Corporate Governance.

Aligned with other financial markets, Singapore has been working towards increasing the representation of women on boards. Despite limited disclosure regulations, representation of women on SGX-listed company boards has increased from 8% in 2012 to 9.7% at 30 June 2016 (see figure 2). However, the number of women on boards in Singapore compared to other key markets remains low (see figure 3).

There is significant room for improvement for companies in Singapore to increase not only the disclosure of the consideration of diversity in board nomination processes but to adopt other disclosure practices. On 5 October 2016, the DAC made certain recommendations to strengthen the Code of Corporate Governance in this area. This good practice guide compliments the DAC's recommendations.

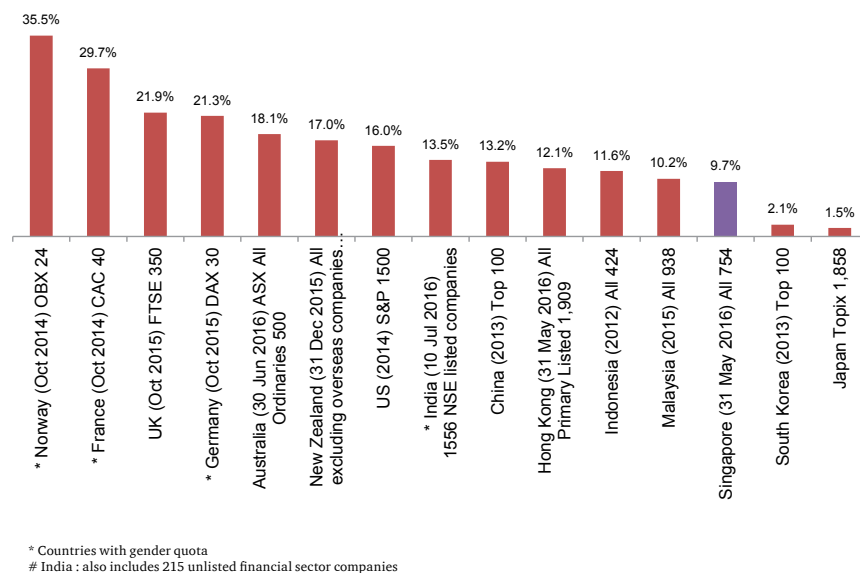
**Figure 2: Increased representation of women on boards in SGX listed companies**



Like that of increased sustainability reporting, disclosure of diversity policies increases transparency enhancing a company's accountability for its impact on and contribution to society. Consequently, these policies can help to enhance trust, increase brand value and boost business performance.

This guide showcases best practices for disclosure on gender diversity on boards against the backdrop of Singapore's current disclosure on diversity policies and offers suggestions which companies in the country may wish to consider moving forward.

**Figure 3: International comparison of women's representation on boards**



Source – Diversity Action Committee (June 2016)



# Why disclose more information on board diversity?

With the move towards a more digital economy, investors and other stakeholders are increasingly seeking to understand how organisations will be able to ensure the sustainability of their businesses through their people and intellectual property.

Disclosure of a board's diversity policies enhances the communication of how organisations will ensure they have the resources to achieve their strategic objectives in the following ways:

## Creating Long Term Value

### 1 Transparency pays

In addition to showing that companies promote fairness and equality, it assists companies to meet stakeholder requirements.

In the digital world, providing stakeholders with information on an organisation's intangible assets is becoming even more key.

Globally, investors, regulators and other market participants are increasingly focused on and emphasise the need for board diversity (including gender). From an investor perspective, more diverse boards generally lead to better company performance.

Companies with more enhanced disclosures also win more trust from investors.

### 2 Supports broader attraction and retention of talent to ensure competitive advantage

Competition for talent is global, and a lack of talent diversity can impact a company's bottom-line results.

Leveraging innovative and diverse talent is crucial for business continuity and future business sustainability. CEOs in Asia Pacific view an inability to recruit talent as the biggest potential inhibitor to growth<sup>2</sup>. For Singapore female millennials, who are increasingly becoming a larger portion of the workforce, 92% said an employer's policy on diversity, equality and workforce inclusion was important<sup>3</sup>.

Greater disclosure of broader diversity policies including of boards will support a company's broader talent diversity programmes.

### 3 Better engage and communicate to broader stakeholders on topics other than financial results

More than ever, stakeholders are increasingly interested in information broader than financial results.

Stakeholders want to know about an organisation's sustainability performance and how it is reporting on its resource scarcity.

Investors, in their evaluation of companies and potential investments will be interested to understand the skillset and experience each director brings to the board, and succession plans to ensure that the board has the required skillset, experience and diversity to drive better decisions.

Globally, Boards today are facing increased scrutiny about who is sitting in the boardroom. Despite shareholder activism being lower than Asia, Singapore companies – particularly those with an international investor base – should not ignore the views of shareholders on board diversity. Disclosure means that companies can be held accountable but also – and not the least important – that they can be rewarded when doing well.

<sup>2</sup> Breaking out of the talent spiral - Key human capital trends in Asia-Pacific, PwC Saratoga Asia-Pacific, 2012

<sup>3</sup> The female millennial - A new era of talent, PwC, 2015

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## *What we can learn from Asia Pacific peers*

Regulators in both Australia and Hong Kong require companies to disclose their policies and measures in relation to board appointments.

### *Australia*

In 2010, the Australian Stock Exchange ("ASX") Corporate Governance Council ("CGC") released changes to its Corporate Governance Principles and Recommendations. The current recommendations (Recommendation 1.5) which require board and senior management level diversity reporting are that a listed entity should:

- a) have a diversity policy which includes requirements for the board or a relevant committee of the board to set measurable objectives for achieving gender diversity and to assess annually both the objectives and the entity's progress in achieving them;
- b) disclose that policy or a summary of it; and
- c) disclose at the end of each reporting period the measurable objectives for achieving gender diversity set by the board or relevant committee of the board in accordance with the entity's diversity policy and its progress towards achieving them, and either:
  - i. the respective proportions of men and women on the board, in senior executive positions and across the whole organisation (including how the entity has defined "senior executive" for this purpose); or
  - ii. if the employer is a "relevant employer" under the Workplace Gender Equality Act, the entity's most recent "Gender Equality Indicators" as defined in and published under that Act.<sup>4</sup>

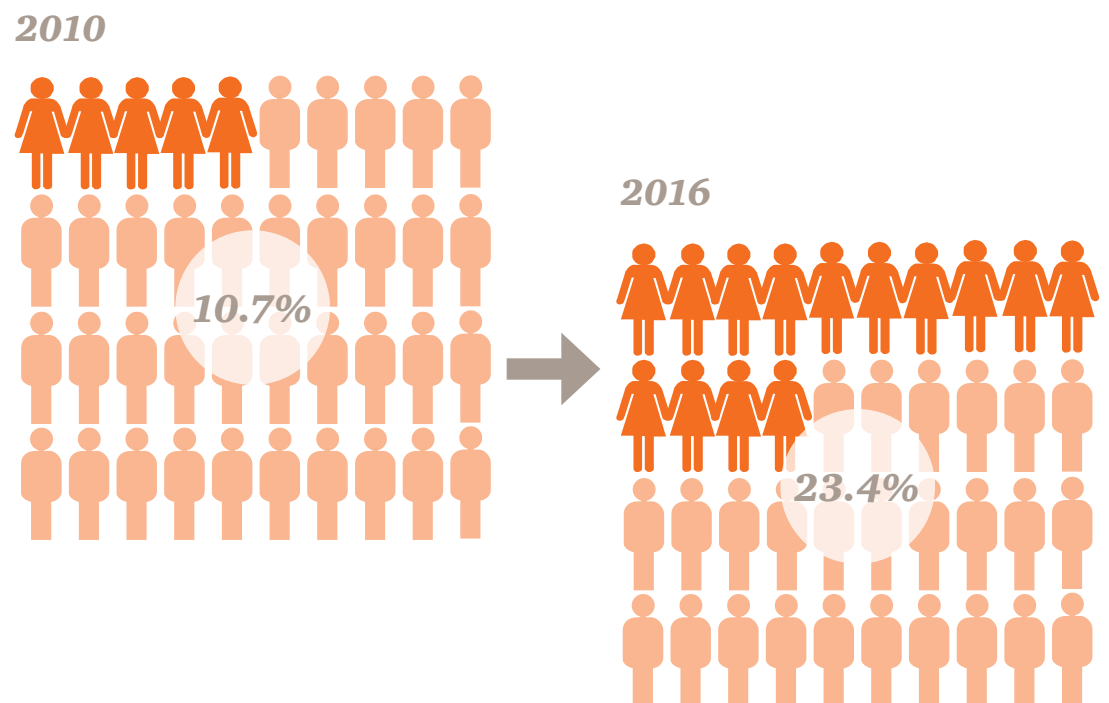
Diversity reporting supported significant change in the number of women on boards and in senior management in Australia, allowing companies flexibility on the issue whilst requiring reporting to shareholders. The majority of companies disclose policies which go beyond gender.





Since the requirements were introduced in 2010, the percentage of women directorships on ASX200 boards has increased from 10.7% to 23.4% as at 30 June 2016.<sup>5</sup>

**Figure 4: Increased percentage of women directorships on ASX200 boards**



<sup>4</sup> Corporate Governance Principles and Recommendations, ASX Corporate Governance Council (2014)

<sup>5</sup> Australian Institute of Company Directors, 2016



## ***Hong Kong***

The Hong Kong Stock Exchange introduced a new Code Provision on board diversity effective 1 September 2013 requiring listed companies to have, on a comply or explain basis, a diversity policy and to report on it.

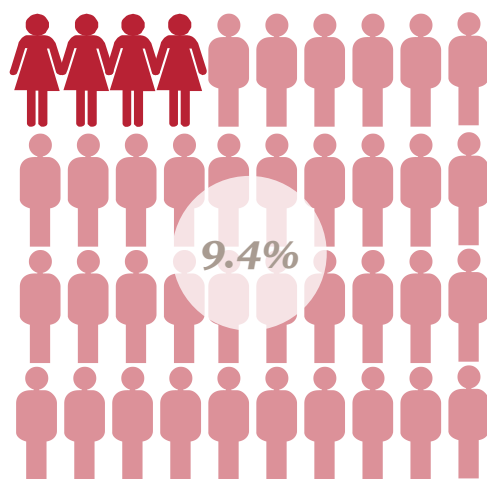
The requirements for listed companies in Hong Kong are as follows:

*The nomination committee (or the board) should have a policy concerning diversity of board members, and should disclose the policy or a summary of the policy in the corporate governance report... If the nomination committee (or the board) has a policy concerning diversity, this section should also include the board's policy or a summary of the policy on board diversity, including any measurable objectives that it has set for implementing the policy, and progress on achieving those objectives (Listing Rules Appendix 14, A5.6; L(d)(iv)).<sup>6</sup>*

*Since 2013, the number of women on Hang Seng Index boards has increased from 9.4% in 2013 to 11.1% in 2016.<sup>7</sup>*

**Figure 5: Growing number of women on Hang Seng Index boards in 2016**

**2013**



**2016**



<sup>6</sup> Hong Kong Stock Exchange Main Board Listing Rules

<sup>7</sup> Community Business, 2016

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## ***Board diversity disclosure requirements in Singapore***

Since 2012, consideration of diversity as part of board nomination processes have been required in Singapore by the Code of Corporate Governance. However, in comparison to markets like Australia and Hong Kong, disclosures have been generally less prescriptive.

In 2014, one of the recommendations of the Diversity Task Force regarding Women on Boards ("DTF"), was for regulators to place more emphasis on the importance of gender diversity in the Code of Corporate Governance and SGX's rules.

In response to this, in January 2015 SGX issued a Disclosure Guide for listed companies highlighting areas which companies should address in their annual reports, including the diversity composition on their Boards and more.



## ***Disclosure requirements on board diversity in Singapore***

### **MAS Code of Corporate Governance (the “Code”; issued 2 May 2012)**

#### *Guideline 2.6*

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. They should also provide core competencies such as accounting or finance, business or management experience, industry knowledge, strategic planning experience and customer-based experience or knowledge.

### **SGX Disclosure Guide (issued 29 January 2015)**

Where there is a deviation from any of the guidelines in the Code, companies shall provide an appropriate explanation for such deviation in the annual report. In relation to Guideline 2.6, the Disclosure Guide set out the following questions:

- a. The Board’s policy with regard to diversity in identifying director nominees.
- b. Whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, to elaborate with numerical data where appropriate.
- c. What steps the Board has taken to achieve the balance and diversity necessary to maximise its effectiveness?

In Singapore, to date there has been a general reluctance by directors to implement more formal arrangements to increase board diversity. A survey by the Singapore Institute of Directors (“SID”) in 2015<sup>8</sup> of 210 board directors indicated that only 14% of respondents said their board had policies in place to encourage more female representation, although 19% have plans to do so.

Given the slow rate of increase of women on boards in Singapore, in October 2016, the DAC recommended that the MAS strengthen the Code of Corporate Governance, requiring listed companies to show their diversity policy (including gender), self-set measurable objectives, and progress made in achieving their objectives.

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<sup>8</sup> Singapore Board Directors Survey 2015



## ***Current disclosures on board diversity in Singapore***

A review of the corporate governance sections of the most recent 2015 and 2016 annual reports of the 30 Straits Times Index ("STI") listed companies revealed that the majority of disclosures and reporting on board diversity remain limited, and in many cases just replicated the guidelines in the Code.

A large proportion of companies described that their nomination committees considered diversity of skills, experience, gender and knowledge of the company when selecting directors.

However, few companies made specific disclosures on deviations from the Code with respect to board diversity, for example the reason why they did not consider gender when reviewing board diversity. Further, most did not provide further information, or plans on how they will improve diversity in the future. There is clearly room to improve board diversity disclosures in the future.



## ***Current disclosure practices on STI listing companies***

### **a) Policy with regard to applying diversity in identifying director nominees**

Most companies indicated that diversity was a consideration when nominating directors.

The majority of companies in Singapore described that broad diversity considerations when identifying director nominees including skills, experience, educational background, ethnicity and gender.

Companies with more specific disclosures on competencies say they considered accounting, finance, legal/regulatory, business, management, marketing, industry knowledge and strategic planning experience.

The majority of disclosures were relatively generic and in many cases, largely replicated the requirements of Guideline 2.6 of the Code.

Surprisingly, 50% of companies made no mention of gender as one of the considerations when reviewing their board composition.

On the other hand, one company which did not have any female directors explicitly disclosed that while its nominating committee was supportive of gender diversity on the Board, it was of the view that it should not be the main selection criteria and that board appointments, based on a blend of skills, ability to contribute effectively and experience relevant to the Group's business, should remain a priority.

### **b) Whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, to elaborate with numerical data where appropriate**

The disclosures on the composition of the experience of current board members were relatively limited and were descriptive. In many cases, the description directed shareholders to review the profiles of the individual directors. Some companies did include details on the experience of the directors (as part of explaining considerations on potential conflicts etc).

There was very limited use of numerical data to present the experience of the directors. Two companies however disclosed the independence of the directors and gender diversity in graphs. One of these companies also disclosed the length of service and age profile of directors.

### **c) Disclosure on steps taken by the Board to achieve the balance and diversity to maximise its effectiveness**

Almost all companies described the steps taken by the nominating committee to assess whether the board composition had sufficient balance and the diversity necessary to maximise the effectiveness. However, the level of disclosure was relatively generic. One company as a best practice disclosed that they use a skills matrix to identify directors.

# Good practice disclosures on board diversity in Singapore

Studies have shown how corporate governance disclosures can be a driver of long term value. Singapore companies may wish to consider disclosing the following information, in relation to the nomination of directors. In addition, they should consider disclosing diversity information beyond the board (at both the executive and employee level) to show the company's culture towards managing talent.

## 6 good practice disclosures on board diversity

<i>Diversity policy</i>	<ul style="list-style-type: none"> <li>• Whether the company has a diversity policy.</li> <li>• If they have a policy, they should disclose the policy or a summary of it.               <ul style="list-style-type: none"> <li>– A diversity policy could include the requirements for a board or a relevant committee of the board to set measureable objectives for achieving greater diversity, and to assess annually both the objectives and progress in achieving them.</li> <li>– The diversity policy should be tailored to the requirements of the individual company.</li> </ul> </li> </ul>
<i>Clarity and transparency in diversity objectives</i>	Whether they adopt a broad definition of diversity when considering the diversity of directors, and describing the types of key considerations. This could include skills, experience, gender, knowledge, age, ethnicity, etc. and how that links to board diversity objectives.
<i>Objective and balanced measures and progress made in enhancing diversity</i>	Objective and balanced measures taken by the company to enhance diversity, both at the board level and at senior management level.
<i>Diversity targets</i>	Diversity targets (particularly for women) either at the board level or senior management levels, if set. For example, percentage of candidates to be women or minority, or at least one female candidate will be interviewed.
<i>Diversity composition</i>	<ul style="list-style-type: none"> <li>• Consider including more explicit disclosures on the experience which each director brings to the company. A skills matrix showing experience of directors against key considerations is useful</li> <li>• Numerical data and percentages to show diversity for selected demographics for the full board and the company</li> </ul>
<i>Disclose the use of Third Party Advisors</i>	Use of third party advisers in identifying board candidates or conducting board performance reviews

Singapore listed companies may also wish to provide more explicit and tailored explanations on why they do not feel that it is appropriate to have a diversity policy, or why they do not feel that it is necessary to put specific measures in place to increase diversity.

# Selected case studies

## Selected local case study

### Singapore Telecommunications Limited

Best practice disclosures:

1. Explicit disclosure of diversity policy including view on gender. Description of 4 step process adopted ensuring it is done. (figure 6.)
2. Graphical representation of board diversity. (figure 7.)
3. Explanation on how the company complies with the Disclosure Guide. (figure 8.)

Figure 6.

#### Board diversity

Singtel is committed to building a diverse, inclusive and collaborative culture. Singtel recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.

The Board's Diversity Policy provides that, in reviewing Board composition and succession planning, the CGNC will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. Diversity is a key criterion in the instructions to external search consultants.

The Board is of the view that gender is an important aspect of diversity and will strive to ensure that (a) any brief to external search consultants to search for candidates for appointment to the Board will include a requirement to present female candidates, (b) female candidates are included for consideration by the CGNC whenever it seeks to identify a new Director for appointment to the Board, (c) the Board appoints at least one female Director to the CGNC, and (d) there is significant and appropriate female representation on the Board, recognising that the Board's needs will change over time taking into account the skills and experience of the Board.

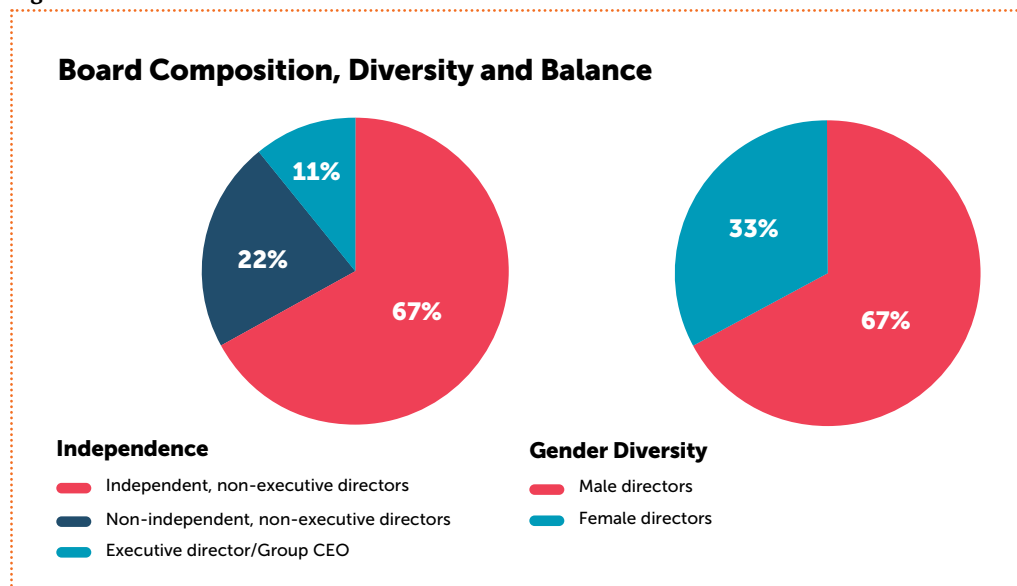
Reflecting the focus of the Group's business in the region, three of Singtel's nine Directors are from, and have extensive experience in, jurisdictions outside Singapore, namely, the Chairman, Mr Simon Israel, and non-executive Directors, Messrs Venky Ganesan and Peter Mason AM. In relation to gender diversity, approximately 33% of the Singtel Board, or three out of the nine Board members, are female. Other than the Group CEO, none of the Directors is a former or current employee of the Company or its subsidiaries.

*“The diversity on the Singtel Board creates an environment for robust discussions and better-informed decisions. This is especially important for a rapidly evolving industry like ours, where innovative thinking is key to the long-term success of the company.”*

*Ms. Chua Sock Koong, Group CEO Singapore Telecommunications Limited<sup>4</sup>*

<sup>4</sup> Singtel, 16 October 2015

Figure 7.



Source – Singtel Annual Report 2016

Figure 8.

Members of the Board Guideline 2.6	
<p><b>Q:</b> (a) What is the Board's policy with regard to diversity in identifying director nominees?</p> <p><b>A:</b> Singtel is committed to building a diverse, inclusive and collaborative culture. Singtel recognises and embraces the benefits of diversity on the Board, and views diversity at the Board level as an essential element in supporting the attainment of its strategic objectives and its sustainable development.</p> <p>The Board's Diversity Policy provides that, in reviewing Board composition and succession planning, the CGNC will consider the benefits of all aspects of diversity, including diversity of skills, experience, background, gender, age, ethnicity and other relevant factors. These differences will be considered in determining the optimum composition of the Board and when possible should be balanced appropriately. All Board appointments are made based on merit, in the context of the skills, experience, independence and knowledge which the Board as a whole requires to be effective. Diversity is a key criterion in the instructions to external search consultants.</p> <p>The Board is of the view that gender is an important aspect of diversity and will strive to ensure that (a) any brief to external search consultants to search for candidates for appointment to the Board will include a requirement to present female candidates, (b) female candidates are included for consideration by the CGNC whenever it seeks to identify a new Director for appointment to the Board, (c) the Board appoints at least one female Director to the CGNC, and (d) there is significant and appropriate female representation on the Board, recognising that the Board's needs will change over time taking into account the skills and experience on the Board.</p>	<p><b>Q:</b> (b) Please state whether the current composition of the Board provides diversity on each of the following – skills, experience, gender and knowledge of the Company, and elaborate with numerical data where appropriate.</p> <p><b>A:</b> Reflecting the focus of the Group's business in the region, three of Singtel's nine Directors are from, and have extensive experience in, jurisdictions outside Singapore, namely, the Chairman, Mr Simon Israel, and non-executive Directors, Messrs Venky Ganesan and Peter Mason AM. In relation to gender diversity, approximately 33% of the Singtel Board, or three out of the nine Board members, are female.</p> <p>The individual profiles of the Directors, including details of their background and qualifications, are set out in the "Board of Directors" section of the Annual Report.</p> <p><b>Q:</b> (c) What steps has the Board taken to achieve the balance and diversity necessary to maximise its effectiveness?</p> <p><b>A:</b> In order to ensure that Singtel continues to be able to meet the challenges and demands of the markets in which Singtel operates, the Board is focused on enhancing the diversity of skills, expertise and perspectives on the Board in a structured way by proactively mapping out Singtel's Board composition needs over the short and medium term (Board Progression Planning). This is an ongoing process facilitated by an independent consultant and is informed by a series of detailed interviews between the consultant and each member of the Board as well as key management members.</p>

Source – Singtel Annual Report 2016

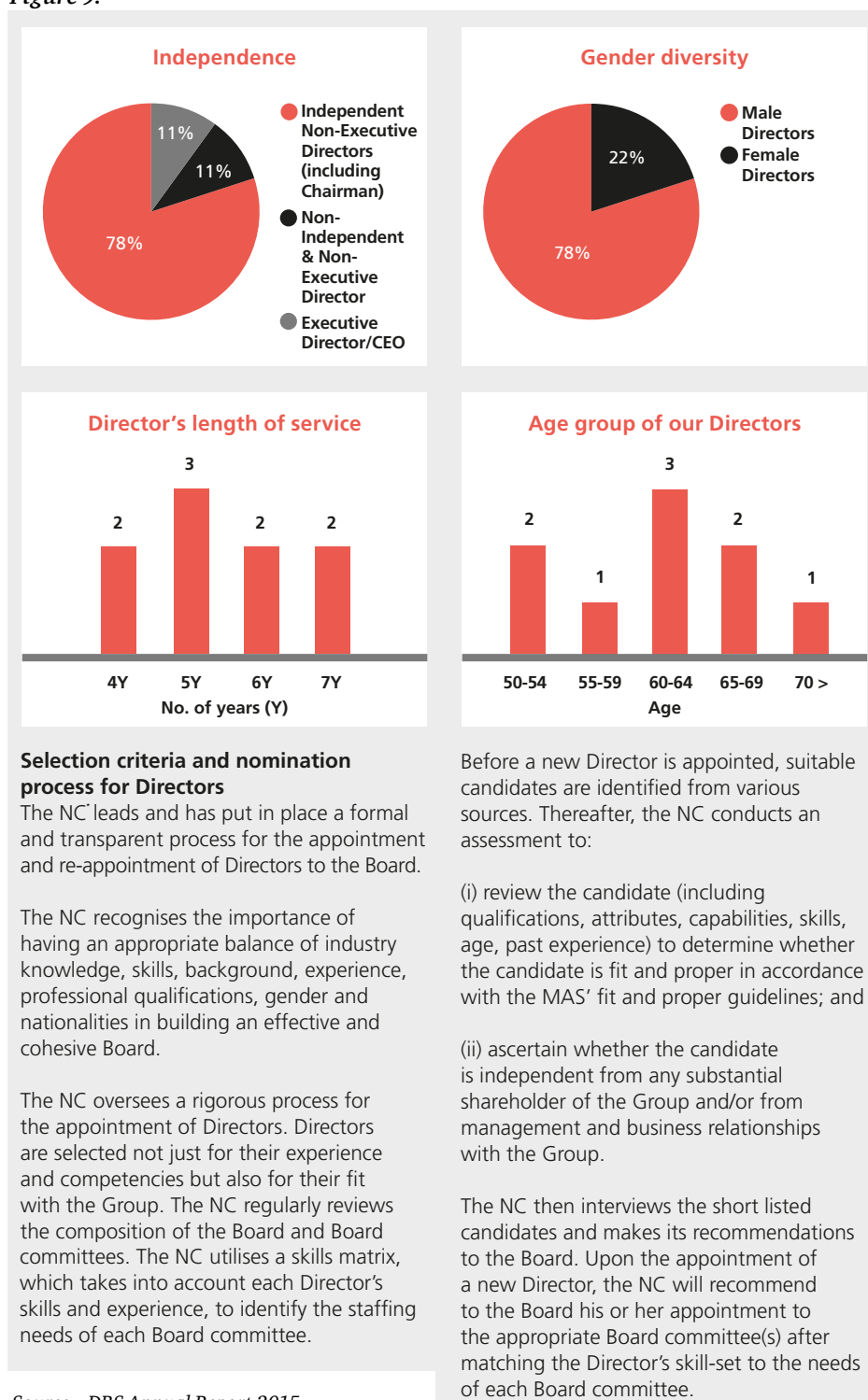
## Selected local case study

### DBS Group Holdings Ltd (2015)

Best practice disclosures:

1. Graphical representation of disclosure on board experience. (figure 9.)
2. Description of framework and processes used to assess board competencies. (figure 9.)

Figure 9.



Source – DBS Annual Report 2015

<sup>1</sup> NC refers to the Nominating Committee

## Selected global case study

### CLP Holdings Ltd (listed in Hong Kong)

Best practice disclosures:

1. Disclosure of board diversity policy and progress against measureable objectives. (figure 10.)
2. Disclosure of shareholder views on board diversity. (figure 10.)
3. Graphical representation of disclosure on board experience. (figure 11.)

**Figure 10.**

#### Corporate Governance Report

##### Board Diversity Policy

The Board formally adopted a [Board Diversity Policy](#) in August 2013 which seeks to record, more formally, CLP's policy on board diversity and to recognise the terms of relevant Code Provisions of the Stock Exchange Code which came into effect on 1 September 2013. The Policy is available on the CLP website. Minor modifications to the Policy to align with relevant updated changes to CLP's Value Framework were made in February this year. [④](#)

CLP's Value Framework emphasises our respect for people and diversity. The Board Diversity Policy is just one example of the wider applications of our Value Framework. We believe that board diversity enhances decision-making capability and a diverse board is more effective in dealing with organisational changes and less likely to suffer from group thinking. We recognise that board diversity is an essential element contributing to the sustainable development of the Company. The objectives of this Policy are, with the support of our shareholders, to have a Board which:

- a) is characterised by a broad range of views arising from different experiences when discussing business;
- b) facilitates the making of informed and critical decisions; and
- c) has sustainable development as its core value,

and thus promotes the interests of all our stakeholders, particularly the long-term interests of our shareholders, fairly and effectively.

For the purpose of this Policy, CLP considers the concept of diversity incorporates a number of different aspects, such as professional experiences, business perspectives, skills, knowledge, gender, age, cultural and educational background, ethnicity and length of service. The achievement of these objectives is measurable on an objective review by shareholders of the overall composition of the Board, the diversity of background and experience of individual Directors and the effectiveness of the Board in promoting shareholders' interests.

Recognising Directors are appointed by shareholders, not the Board nor the Company, merit and competence to serve the Board and hence shareholders remains the first priority. In order for shareholders to judge for themselves whether the Board as constituted is a reflection of diversity, or a gradual move to increased diversity, on a scale and at a speed which they support, we shall continue to provide sufficient information to shareholders about the qualifications, experience, characteristics etc. of each individual Board member and therefore, the Board as a whole so that shareholders are aware of the composition of their Board, including diversity.

The Nomination Committee has been charged with the review of the Board Diversity Policy on a periodic basis. In 2013, the Nomination Committee endorsed the approach of review of the Policy that it may take the form of an analysis of the Board in the different aspects of diversity having regard to the sustainable development of the Company, supplemented with shareholders' feedback on the diversity of the Board and its overall effectiveness in promoting shareholders' interests.

In 2015, we have measured the diversity of the Board as of 2014 and 2015 based on the aspects of independence, gender, nationality and ethnicity and skills and experience (which are the measurable objectives as set out in Board Diversity Policy).

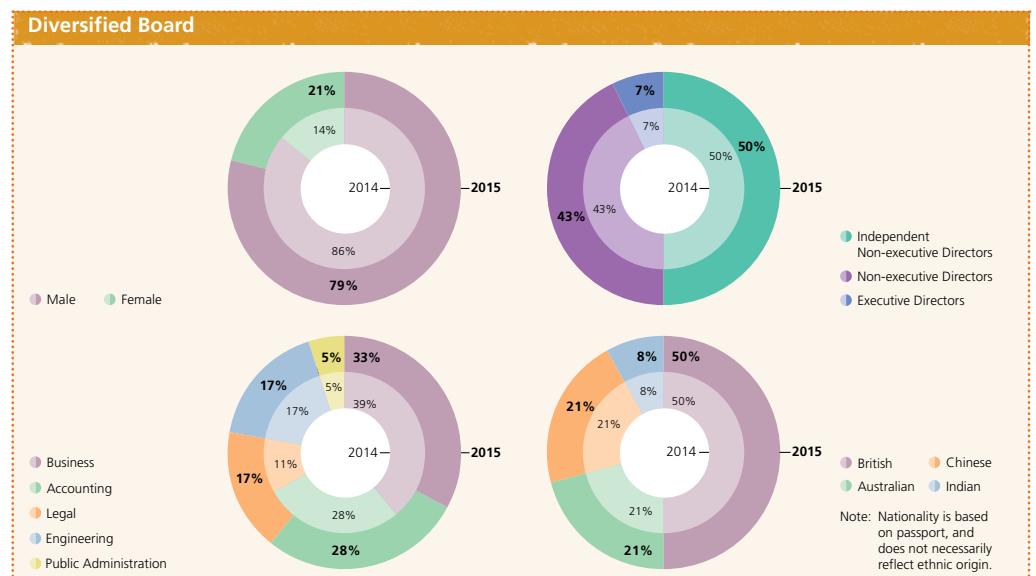
The analysis on the opposite page has indicated that, in 2015, while maintaining the independence of Directors at the same high level of 50% and the diversity level in nationality, there was both an increase in the gender diversity and in diversity in terms of professional background and experience, which significantly enhanced the overall diversity of the Board. We have also sought shareholders' views on the satisfactory levels of the diversity aspects of the Board during the Shareholders' Visit Programme 2014-2015. The overall results showed that shareholders were satisfied with the diversity aspects of the Board and its effectiveness in promoting shareholders' interests. The satisfaction level has increased from 91% for all diversity aspects in 2013/2014 to 92.5%-95.6% for different aspects in 2014/2015. The 2015 review of the Board Diversity Policy was endorsed by the Nomination Committee.

Source – CLP Holdings 2015 Annual Report





**Figure 11.**



Source – CLP Holdings 2015 Annual Report

## Selected global case study

### Telstra Corporation Limited (listed in Australia)

Best practice disclosures:

1. Disclosure of views on diversity. (figure 12.)
2. Disclosure of measureable objectives and progress against objectives. (figure 13.)

Figure 12.

In respect of diversity, at Telstra diversity means difference, in all its forms, both visible and not visible, and includes differences that relate to gender, age, cultural background, disability, religion and sexual orientation, as well as differences in background and life experience, and interpersonal and problem solving skills.

For FY16, the Board's objective about Board diversity was that there would be at least three women on the Board, representing a female gender representation among non-executive Directors of at least 30 per cent, with an additional aspiration to achieve 40 per cent female representation among non-executive Directors by 2020. For FY17, the Board has maintained this diversity objective. As at 30 June 2016, there were three female Directors on the Board (including the Chairman of the Audit & Risk Committee), representing a female gender representation among non-executive Directors of 33 per cent.

The Board has three standing Committees – the Audit & Risk Committee, the Remuneration Committee and the Nomination Committee. Together they play a significant role by focusing in more detail on specific areas of our operations and governance framework, which assists in strengthening the Board's oversight of Telstra.

Source – Telstra 2016 Annual Report

Figure 13.

**We value diversity and inclusion and the benefits they bring to the Telstra Group in achieving our objectives, enhancing our reputation, and attracting, engaging and retaining talented people.**

At Telstra, diversity means difference, in all its forms, both visible and not visible, and includes differences that relate to gender, age, cultural background, disability, religion and sexual orientation, as well as differences in background and life experience, and interpersonal and problem solving skills.

The diversity of our people should reflect our diverse, global customers and the countries where we operate. Our programs that support diversity and enable inclusion are in service of our business strategy and values. We're diverse and inclusive, which means everyone has a part to play in actively and intentionally behaving with inclusion in mind.

Our approach to diversity and inclusion is led by our Diversity Council, which is chaired by the CEO and comprises the entire CEO Leadership Team. Through this forum, along with our diversity policy and leadership framework, we reinforce our

expectations of all leaders to lead inclusively and value difference. We also have an active Diversity Council in each of our Business Units.

Our diversity policy provides the framework for the Board to set our measurable objectives for achieving diversity and to annually assess our progress in achieving them. The table below summarises these objectives and our progress against them, as at 30 June 2016.

Measure	Progress/Result in respect of FY16 (or as otherwise stated)	Objective in respect of FY17 (or as otherwise stated)
Women on the Board	<p><b>Objective</b> – There will be at least three women on the Board, representing a female gender representation among non-executive Directors of at least 30%, with an aspiration to achieve 40% female representation among non-executive Directors by 2020.</p> <p><b>Progress</b> – As at 30 June 2016, there were three female Directors on the Board (including the Chairman of the Audit and Risk Committee), representing a female gender representation among non-executive Directors of 33%.</p>	There will be at least three women on the Board, representing a female gender representation among non-executive Directors of at least 30%, with an aspiration to achieve 40% female representation among non-executive Directors by 2020.
Female representation in graduate intake	<p><b>Objective</b> – 45% female representation in graduate intake selected in 2016, with an aspiration to achieve 50% female representation by 2020.</p> <p><b>Result</b> – 37% female representation in graduate intake selected in 2016.</p>	45% female representation in graduate intake selected in 2017, with an aspiration to achieve 50% female representation by 2020.
Promotion rates for women	<p><b>Objective</b> – Promotion rates for women to exceed their representation at Business Unit level.</p> <p><b>Result</b> – Achieved in Telstra overall and in eight out of 11 business units.</p>	Promotion rates for women to exceed their representation at Business Unit level.
Engagement of identified groups <sup>i</sup>	<p><b>Objective</b> – Engagement of identified groups equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant.</p> <p><b>Result</b> – Engagement of women and culturally and linguistically diverse employees exceeded the Telstra-wide engagement score. Engagement of Indigenous employees, employees with a disability, and gay, lesbian, bisexual, transgender and intersex employees was lower than overall engagement, with the differences for Indigenous employees and employees with disability being statistically significant.</p>	Engagement of identified groups equal to or greater than Telstra-wide engagement score, with any negative differences not statistically significant.
Female representation <sup>ii</sup> at 30 June	<p><b>Objective</b> – Female representation at 30 June 2016 of 32% (Telstra Total) and 30% (Executive Management). FY20 – 35% (Telstra Total) and 40% (Executive Management).</p> <p><b>Result</b> – 30.6% (Telstra Total) and 25.5% (Executive Management).</p>	<p>FY17 – Female representation at 30 June of 32% (Telstra Total) and 30% (Executive Management).</p> <p>FY20 – Female representation at 30 June of 35% (Telstra Total) and 40% (Executive Management).</p>

i. Identified groups are female employees, Indigenous employees, culturally and linguistically diverse employees, employees with a disability and gay, lesbian, bisexual, transgender and intersex (LGBTI) employees.

ii. Includes full time, part time and casual staff in Telstra Corporation Limited and its wholly owned subsidiaries, excluding contractors and agency staff. It does not include staff in any other controlled entities within the Telstra Group.

Source – Telstra 2016 Corporate Governance Statement

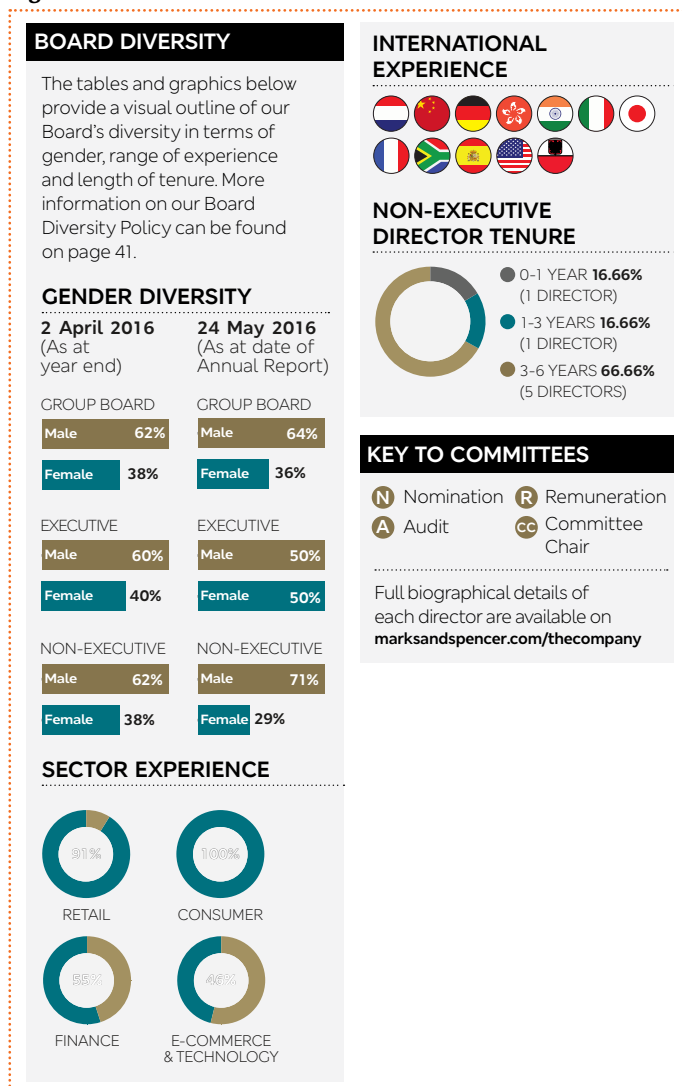
## Selected global case study

### Marks and Spencer plc (listed in the United Kingdom)

Best practice disclosures:

1. Graphical representation of disclosure on board experience. (figure 14.)
2. Disclosure of diversity policy. (figure 15.)
3. Disclosure of actions taken to improve board and senior management diversity. (figure 15.)

Figure 14.



Source – Marks and Spencer Annual Report and Financial Statements 2016

Figure 15.

#### BOARD DIVERSITY POLICY

Since the launch of the Board Diversity Policy in 2012, the Board has made progress in broadening the diversity of the Board and senior management. In 2015, the Board reviewed the policy to ensure that it continues to drive the benefits of a diverse Board and workforce across the business. The Board agreed that the ambitions and objectives set out in the policy remain relevant targets against which to measure our progress.

➔ For further information on employee diversity, including gender, ethnicity and age, see p23 of our Plan A Report [marksandspencer.com/plana2016](http://marksandspencer.com/plana2016).

#### BOARD DIVERSITY: PROGRESS UPDATE

**Maintain a level of at least 30% female directors on the Board over the short to medium term.**

As highlighted earlier in the report, changes to the Board were made during the year to 2 April, experienced two retirements and one resignation. Despite the reduced overall size of the Board, the percentage of women on the Board remains strong at 36% at time of publication. The charts on page 33 provide a clearer picture of our Board diversity.

The Board remains committed to maintaining at least a 30% female representation on the Board, whilst ensuring that diversity in its broadest sense remains a central feature. However, the Nomination Committee will continue to recommend appointments to the Board based on merit, measured against objective criteria and the skills and experience the individual offers.

The Board is also committed to strengthening the pipeline of senior female executives within the business and has taken steps to ensure that there are no barriers to women succeeding at the highest levels within M&S.

In 2016, M&S was again listed in The Times Top 50 Employers for Women for the sixth year running.

**Assist the development of a pipeline of high-calibre candidates by encouraging a broad range of senior individuals within the business to take on additional roles to gain valuable Board experience.**

During the year, the Board continued to focus on strengthening the pipeline of executive talent in the Company. It remains committed to learning and building on existing programmes while introducing new initiatives to broaden and develop the strong talent which exists across the business.

Key initiatives include:

- A comprehensive talent review presented to the Board annually, mapping successional candidates and opportunities across all senior roles within the business.
- A thorough refresh of our approach to talent development through the introduction of new initiatives, including

the 'Fit to Lead the Future' programme, Fit For the Future Leadership Journey, Line Manager focus and Emerging Leaders approach.

- The Leadership Development Service has been in place for two years and continues to identify and partner key senior talent across the business, broadening their skillsets and experience to prepare them for future opportunities. This has been supported through greater boardroom exposure, non-executive and Trustee roles outside of M&S, and participation in mentoring schemes.

- Access to International Business School Training.

- Senior management mentoring and coaching schemes, including individual leadership assessments, and non-executive director sponsored lunches and breakfasts.

**Consider candidates for appointment as non-executive directors from a wider pool, including those with little or no listed company board experience.**

During the year, the Nomination Committee discussed the successional needs of the Board in respect of its non-executive directors, and continues to work closely with executive search agencies in compiling long and short lists of candidates. During the search for the most recent appointments, the Board identified and interviewed a range of candidates from various backgrounds and industries, all of whom were measured against criteria agreed at the start of the process. The Chairman also meets informally with a range of people introduced by third parties or through direct approaches. Although we do not currently openly advertise our non-executive director positions, we appreciate the benefit of this approach and will keep this under review.

**Ensure long lists of potential non-executive directors include 50% female candidates.**

The Board remains committed to ensuring that high-performing women from within the business and from a variety of backgrounds, who have the requisite skills, are given greater exposure to the nomination committees of FTSE100 companies. Once again, the Board met its commitment, and all non-executive director long lists in 2015/16 included 50% female candidates.

**Only engage executive search firms who have signed up to the voluntary Code of Conduct on gender diversity and best practice.**

The Board continues to support the nine principles of the Executive Search Firms Voluntary Code of Conduct on gender diversity, demonstrated by remaining committed to only engaging executive search firms who are signatories to this code. During the year, we worked closely with Egon Zehnder and JCA, and maintained our focus on the targets and ambitions around female

representation on the Board. The Board confirms that neither Egon Zehnder or JCA has any other connection with the Company.

**Report annually against these objectives and other initiatives taking place within the Company which promote gender and other forms of diversity.**

The Board has made strong progress against the key policy objectives during the year, as reported above.

In addition, the business has continued to promote diversity with the introduction or continuation of key initiatives:

- The annual Board evaluation process includes an assessment of the Board's diversity including gender, helping to objectively consider its composition and effectiveness.
- The M&S Inspiring Women's Network, launched in 2014, continues to support the progress of women in our business, giving access to a range of role models, providing informal mentoring and networking opportunities, and creating a forum for discussion to explore and address the career challenges women face.
- Continued involvement in the government-backed 30% Club, an organisation committed to increasing female representation on UK Boards.
- The MBA Leadership Programme is in its fifth year, recruiting and developing talented MBA graduates from international business schools; to date intake into the programme has been over 50% women.
- A number of programmes to help people in our communities, including Marks & Start, Marks & Start Logistics and Make Your Mark are successfully helping young people, the homeless, lone parents and those with disabilities, to find work in our stores and distribution centres.

**Report annually on the outcome of the Board evaluation, the composition and structure of the Board as well as any issues and challenges the Board is facing when considering the diverse make-up of the Company.**

We continue to regard the Board evaluation process as an important means of monitoring our progress. Full details of the 2015/16 Board evaluation and the Action Plan are on page 39. We remain committed to getting the right balance of internal versus external hires and work towards understanding and managing some of the challenges we face, such as:

- International management experience reflective of the customers and communities we serve; and
- Any challenges women face in reaching regional management positions and above, within the business.

Source – Marks and Spencer Annual Report and Financial Statements 2016



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## Conclusion

Embedding and growing the diversity DNA in an organisation's way of doing businesses is becoming increasingly integral in their endeavor to acquire trust from investors, build relationships with stakeholders and society, as well as attract the right talent. At the leadership level, companies need leaders who are culturally aware and can navigate diverse cultures, geographies and markets in an increasingly interconnected global marketplace.

Despite numerous studies addressing the imperative for diversity on boards, there remains slow progress in the representation of diverse individuals at the board level in Singapore. Understanding the level of diversity within an organisation, beginning with the board, is a starting point for businesses to address this gap followed by the necessary actions to bridge it. Meanwhile, we can all learn and benefit from the reporting best practices by companies in the country that are paving the way when it comes to board diversity disclosures, making headway for a more diverse and inclusive business place.



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## Methodology

The comments and analyses in this report are based on data provided by industry recognised sources, as well as analyses from PwC's knowledge base. The findings are also supplemented with independent research to provide a holistic view of the topic. Furthermore, case study examples are used to illustrate the best practices globally and in Singapore.

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