Willis Towers Watson III'I'III

What is the business case for diversity on boards?

Let the numbers speak for themselves!

Companies with more diverse boards tend to have stronger financial performance

A 2019 Willis Towers Watson study of top 100 listed companies in Singapore, over the past three years, suggests a strong relationship between the following board diversity attributes and company financial performance.

Independence: 75%+ independent NEDs

- Higher valuation 23% P/E multiple
- 2 times higher TSR
- 19% higher ROE
- 90th percentile EVA spread



) Gender:

One or more women on the board

- 10 times higher TSR
- 42% higher ROE
- 18% higher revenue growth
- 12% P/E premium for 2+ female NEDs compared to 1 female NED



Age: 20+ years age differential among NEDs

- 4 times higher revenue growth
- 5% higher ROE
- 4% higher P/E multiple
- 10% P/E premium for age spread greater than 35 years



Tenure: Board tenure spread of 8+ years

- 50% higher TSR
- 60% higher revenue growth
- 90th percentile EVA spread





Ethnicity:

More than one ethnicity represented on board

•10% higher P/E multiple



Domain expertise: 4+ skills and functional experier

- •46% higher TSR
- 28% higher ROE
- •11% higher P/E multiple
- **22%** higher revenue growth
- 27% higher P/E multiple for companies with 5+ skills represented on boards



NED: Non executive director P/E: Price to earnings ROE: Return on equity TSR: Total shareholders return EVA: Economic value added

About the study

Willis Towers Watson Singapore's Executive Compensation and Corporate Governance Advisory team conducted a study of top 100 SGX listed companies for the past three years to examine correlations between board diversity attributes (i.e. board independence, gender, age, ethnicity, tenure, and domain expertise), with three-year financial performance (measured as revenue growth, price to earnings ratio, return on equity, economic value add spreads, and total shareholders returns). Given the challenges in establishing casualty based on public domain data, we examined the correlations. The study was conducted in 2019, using publicly available company information.

For more details, contact:

Shai Ganu

Managing Director Rewards Business - Asia Pacific shai.ganu@willistowerswatson.com

Grace Wu

Director, Rewards Business, Singapore grace.wu@willistowerswatson.com

Tan Yong Fei

Executive Compensation Leader, South East Asia YongFei.Tan@willistowerswatson.com

Or, call us at +65 6591 8000

Krissandi Lee

Senior Consultant, Executive Compensation South East Asia krissandi.lee@willistowerswatson.com

Chenhao Ji

Senior Analyst, Executive Compensation Chenhao.Ji@willistowerswatson.com

Ryan Lim

Analyst, Executive Compensation ryan.lim@willistowerswatson.com

About Willis Towers Watson

Willis Towers Watson (NASDAQ: WLTW) is a leading global advisory, broking and solutions company that helps clients around the world turn risk into a path for growth. With roots dating to 1828, Willis Towers Watson has 45,000 employees serving more than 140 countries and markets. We design and deliver solutions that manage risk, optimise benefits, cultivate talent, and expand the power of capital to protect and strengthen institutions and individuals. Our unique perspective allows us to see the critical intersections between talent, assets and ideas – the dynamic formula that drives business performance. Together, we unlock potential. Learn more at willistowerswatson.com.



willistowerswatson.com/social-media

Copyright © 2019 Willis Towers Watson. All rights reserved. WTW-P-19-INF-357872511 willistowerswatson.com

Willis Towers Watson III'I'III