



SPEAKING WITH THE BOARDS

A supplement to “Women on Boards: Tackling the Issue”

A report by
SINGAPORE'S DIVERSITY ACTION COMMITTEE
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Foreword

The “Speaking with the Boards” supplement celebrates the success of gender-diverse boards and the contributions of women board directors in Singapore. With each chairman’s and woman director’s sharing of their insights on the topic of gender diversity on boards, we discovered that the issue goes far beyond gender diversity itself. The real issue is that boards of Singapore companies must seek to be the best they possibly can be, and that means companies must draw on all possible resources to find the best talent available, including women.

May I invite you to read each of our conversations in this supplement. Our interview guests’ experiences could help answer some of the questions you might have about gender diversity on boards. It’s time to put aside old assumptions; it’s time to work towards having greater board diversity (including gender) as an integral part of good governance.

On behalf of Diversity Action Committee (DAC), I wish to express my sincere appreciation to Peter, Euleen, Stephen, Simon, Christina, Swee Lian, Serge, Su-Yen and Sumitri. We could not have prepared this supplement without their enlightening perspectives, time and support, given so generously.

Magnus Böcker, Chairman, Diversity Action Committee



"Women on Boards: Tackling the Issue" is a two-part report with a supplement entitled "Speaking with the Boards".



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Speaking with the Boards

*Achieving gender diversity is not merely about appointing more women to boards. The real issue is far more important as it goes to the heart of Singapore's reputation as a business and financial centre: **Governance**.*

Chairmen of leading Singapore companies with diverse boards are united in their view that gender-diverse boards are simply better governed. This is not just because women frequently offer a different perspective to men, but because implementing proper processes for sourcing board candidates will inevitably result in more women being nominated and, ultimately, appointed.

Pru Bennett, Head of the Investment Stewardship Team for the Asia Pacific region at BlackRock, which manages US\$4.7 trillion in assets, agrees.

"If you have a robust process to get competent directors with the right mix of skills and expertise, the outcome will be a more diverse board. That should drive better decision-making, which will be reflected in returns," Bennett says.

Diversity is a standing agenda item when her 22-strong team visits investee companies.

"In our discussions with the chairmen we ask, how do you select directors? Do you use external search firms? How far out do you plan succession? Do you just wait for someone to decide they want to leave, and then start looking? Do you have a skills matrix?" she says. "And if the outcome is that you have a board with 100 per cent men, that raises questions around your process of selecting directors. If they are all from the same background, there is concern about groupthink, and that you don't have the right dynamics for the right decision-making. From an investor perspective, that's a concern."

Benefits of gender-diverse boards

Though intangible and inherently difficult to quantify, the qualitative benefits of having a diverse board are clear to the chairmen of leading companies interviewed for this report.

Stephen Lee, Chairman of Singapore Airlines (SIA), sums it up like this: "You need diversity at the board level to help management improve the thinking process. The more diverse the board is, the more comprehensive the discussion will be."

DBS Bank's Peter Seah adds, "If you are a chairman who wants board members that rubber stamp whatever you want to do, I think you're in the wrong century ... I

would be very uncomfortable chairing a board where everybody says 'yes, chairman' to whatever I say. In today's high regulatory risk environment, that is very dangerous."

Better consumer insights

Beyond governance, there are many sound business reasons to appoint women to boards.

"Why don't you start thinking about the fact that 50 per cent of your customers are women?" asks Singtel's Simon Israel.

SIA's Stephen Lee adds, "For a customer-facing industry like ours, where we serve a large number of female customers and employ a large number of female staff, we need that perspective."

"Over time, if you begin to see that gender-diverse boards tend to be better at reaching out to customers and engendering a better corporate culture within your organisation ... all these should lead companies that don't have women on their boards to think about: Why not? To put it very simply, what do they have to lose?"

Peter Seah, Chairman, DBS Bank

Gender diversity vs meritocracy

Many boards claim that meritocracy should come before gender diversity, given that Singapore's economy was founded on the principle of meritocracy: that the best person for the job should be appointed, no matter who that person is. However, none of our interview guests sees any conflict between meritocracy and gender diversity. On the contrary, they say that if the director nomination process was truly meritorious, more women would be appointed.

"We shouldn't hide behind the shield of meritocracy when we have no diversity. I'm convinced that we can get diversity with meritocracy," says DBS Bank's Euleen Goh. "Too often, we say yes to meritocracy, but when we look at the slate of candidates, it's the same old, same old. And that's why we have to open our eyes and our perspectives to see if we can bring on more diversity, broaden our pool of candidates and look at talent with different eyes."

Are there enough female directors?

Our interview guests agree that there is tremendous female participation in senior management in Singapore. "Just look at the property sector," says Aberdeen's Asset Management Asia's Head of Corporate Governance David Smith. "It is dominated by incredibly talented females. I do think we could probably do more to get those females into the boardroom, not because they're females but because they're incredibly talented individuals who I think could add value to other boards and, for whatever reason, are not on other boards."

No need for women?

Some companies justify the absence of women at their board table by pointing to the number of senior female managers. But our interview guests are quick to dismiss this.

"People who say that do not understand the difference in the roles the board and management play," says Sumitri Menon, Chairman of Micro-Mechanics. Directors on a board serve a different strategic purpose to senior management. Governance by board members is a critical issue that requires a very different approach than the day-to-day execution of the business strategy by senior managers.

Some boards might also justify their lack of female directors because they operate in a male-dominated industry.

In response, Christina Ong points to her role as a director of SIA Engineering, "Companies in different industries can be as gender-diverse as they want to be. Even an engineering company gets involved in lot of things apart from day-to-day engineering. It goes into acquisitions, it goes into joint ventures etc. As a lawyer, I think I could add value. You don't necessarily want only engineers or people with an engineering background on the board."

Can we wait for the issue to correct itself?

There appears to be some optimism that the issue of gender diversity on boards will correct itself over time. The pool of candidates is growing as the number of experienced, tertiary-educated women grows. Also, a new generation of chairmen who are conscious of the issue of diversity will be taking over the leadership roles. But given the pace of change and the unpredictable business environment boards must deal with today, Singapore cannot wait.

"I think to say that it's going to improve over time is not good enough," says BlackRock's Pru Bennett. "If the board doesn't have the right diversity of skills – and that's gender and all the other issues

Big Pool of Female Talent in Singapore



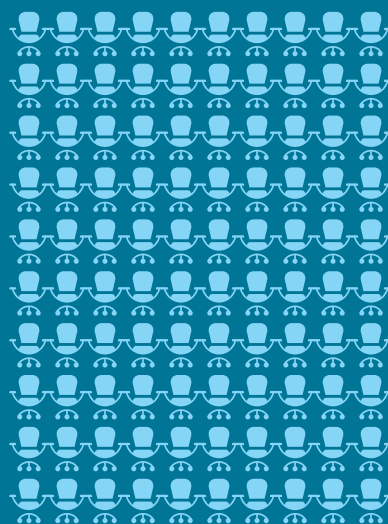
21%

of senior management positions

Large proportion of women in senior management in Singapore, but few on boards.

400+

experienced women directors on SGX-listed companies, most holding only 1 board directorship.



100

women attended DAC's conference in Sep 2015. They are all recommended by corporate leaders as suitable for board directorships.

Speaking with the boards *continued*

that we're talking about now – the nomination committee should be concerned and should be on the lookout for some competent directors to address the deficiencies on the board – right now."

Women must put themselves forward as candidates

Aptly put by Yoma Strategic's Wong Su-Yen, "There is a commonly held view that someone is going to show up one day and call on them. My experience is that it does not really work that way. Rather, as with any career, prospective directors need to build up a portfolio of experiences and take a series of steps that move them in that direction." This might include first joining a non-profit board.

DBS Bank's Euleen Goh has some advice to women: don't wait to be asked.

She says women need to network and decide what sector most interests them. They also need to be clear about what they can bring to the table. "It's not about saying, 'I'm available, bring me on board'. It's about 'Do I bring international perspectives? Do I bring experiences of a certain discipline. Do I bring a technical edge of some sort?' Women have to think through that for themselves and then say that for themselves as they put up their hands to ask."

The pros and cons of quotas

Despite the passion and commitment our interview guests express over gender diversity, few if any – including the women among them – were in favour of setting quotas for the proportion of female directors on a board.

But Singtel director and former Deputy Managing Director at the Monetary Authority of Singapore, Teo Swee Lian, says the door to quotas should not be closed.

"Having been a regulator, [I know that] before you come out with a policy or a rule, you will think whether or not there has been a market failure," she says. "And, usually, if the market can take care of this particular risk or this particular gap, that is actually the best solution. But sometimes the market might need a nudge. So while I'm not in favour of quotas, if it really takes too long or if there really isn't enough awareness in the minds of people, then possibly the threat of a quota might actually be a catalyst that's needed."

And while Pru Bennett from BlackRock is "not a real fan of quotas", she refutes comments that quotas only bring token appointments. Her response is that it's unlikely all current male board directors were appointed on merit. "But having said that, I would prefer to see boards make these decisions on merit, skill sets and the overall balance of diversity on the board," she says.

What if boards ignore diversity?

If boards do not try to balance diversity, a lot of talent is wasted or not fully utilised, says Micro-Mechanics' Sumitri Menon. "We won't know how much better we could be," she says.

What have you got to lose?

DBS Bank's Peter Seah says that this discussion of diversity should lead companies that don't have women on their boards to ask themselves 'why not?'. "To put it very simply, what do they have to lose?" he says.

Singapore's reputation as a regional financial centre could be drawn into question by this lack of gender diversity on boards.

Singtel's Simon Israel aptly says, "It's shocking. It's an embarrassment. It's quite challenging that we want to hold ourselves up as a financial centre and yet on gender diversity we are so far behind our neighbours. For me, it's a black eye, not a black mark. It's something that needs to be addressed."

"We shouldn't hide behind the shield of meritocracy when we have no diversity. I'm convinced that we can get diversity with meritocracy ... Too often, we say yes to meritocracy, but when we look at the slate of candidates, it's the same old, same old. And that's why we have to open our eyes and our perspectives to see if we can bring on more diversity, broaden our pool of candidates and look at talent with different eyes."

Euleen Goh, Independent Director, DBS Bank

How boards can increase their gender diversity

1 Cast the net wider than personal networks

"Boards without women don't necessarily discriminate against them. Maybe they have not made the extra effort, and most of the candidates they come across are men. Boards have to actively seek out capable women professionals to take on board seats, because they believe having women on boards helps enrich board discussions and gives a better understanding of their audience or customer base," says DBS Bank's Peter Seah.

2 Focus on the relevant skill set, regardless of prior board experience

Work with the company's matrix of skills and experience requirements, making sure it is relevant as the company's strategy changes. Chairmen should proactively look for directors who match the needs matrix, even if candidates have little or no experience in serving on boards.

Chairmen and nominating committees might not be excluding women deliberately from their search for candidates. They may simply need to review their search criteria.

"You could have progressive boards which are looking for talent say they can't find the right people because their profiles, just maybe, are too narrowly defined," Singtel's Simon Israel says. "If you're prepared to have a much wider profile of what could bring diversity to the board, the gene pool is much bigger than boards probably think it is."

3 Specifically ask for women candidates

Boards committed to searching for female candidates should specifically ask for women candidates, regardless of whether they engage a search firm or seek referrals from personal contacts.

Singtel's Simon Israel says, "Search firms are required to present female candidates alongside males. Don't come back to tell us there's no women out there. The Nominations Committee is required to consider the female candidates along with all the others."

Yoma Strategic's Serge Pun adds, "We do indicate that, all things equal, if we can get a female on the board we would prefer it because we do need one. We would like to have one, or even more."

4 Appoint women to nominating committees

The chairmen of leading companies interviewed for this report suggest that women should be appointed to nominating committees.

"Perhaps having a female heading the nominating committee can help with gender diversity," says Singapore Airline's Stephen Lee.

5 Refresh the board regularly

Both Aberdeen and BlackRock advocate for boards to consist of roughly equal numbers of directors with short-term, medium-term and longer tenures. This creates opportunities for new directors to contribute and gain experience, while retaining corporate knowledge and providing continuity.

6 Develop the executive pipeline for board roles

To start this virtuous cycle, companies looking to develop their star executives could permit them to take on one board position.

David Smith from Aberdeen Asset Management Asia says, "In a place like Singapore you can't afford to exclude half the workforce. In other markets, senior managers are allowed or even encouraged to serve on one external board. If a push is made to encourage women to serve on an external board as part of professional development, we could see more female participation."

Q&A with Peter Seah

Chairman, DBS Bank



Mr Peter Seah joined the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd on 16 November 2009 and assumed the role of Chairman on 1 May 2010. Peter is also Chairman of DBS Bank (Hong Kong) Limited, Chairman of Singapore Health Services Pte Ltd and of LaSalle College of the Arts Limited. Additionally, Peter serves on the boards of StarHub Ltd, GIC Private Limited, Level 3 Communications Inc, Asia Mobile Holdings Pte Ltd, Fullerton Financial Holdings Pte Ltd, STT Communications Ltd and Singapore Airlines Limited.

WHAT ARE THE BENEFITS OF A DIVERSE BOARD?

If you work on the premise that 50 per cent of the population are women, then it really makes a lot of sense to have women on your board. They can give you a woman's perspective and a lot of insight into how you can do business. I have not found women any less capable or competent or that they contribute any less. In fact, they often give you a fresh point of view and women, by nature, tend to be a lot more meticulous.

They bring a perspective on the likes and dislikes of female customers. And we have a better perspective on how to reach out to children for savings accounts. They make great board members. When you have diversity on the board, it results in more diverse views and opinions.

CAN THE POSITIVE EFFECTS OF DIVERSITY BE MEASURED?

Not really. Things like this should not be measured numerically.

I think it's more qualitative in that women add value and help develop better strategies for the organisation.

You will see richer dialogue and discussion with women on boards. Because of our good experience, we now always insist that we have women on our Board.

DO YOU THINK SOME CHAIRMEN ARE SCARED OF THE DISCUSSION ARISING FROM DIVERSE VIEWS?

I encourage disagreement and independent views. I actually look for board members who are more willing to speak up, to disagree.

One of the advantages of having boards that are more independently-minded and willing to speak up is that you don't get 'group think'. If you are a chairman who wants board members that rubber stamp whatever you want to do, I think you're in the wrong century. Today's governance doesn't allow you to do that.

I would be very uncomfortable chairing a board where everybody says "yes, chairman" to whatever I say. In today's high regulatory risk environment, that is very dangerous. So, for chairmen who want a board

that rubberstamps, I would say, better think again.

The chairman reviews decisions, and the decisions and policies come out of collective wisdom. Chairmen must always lead and hopefully help finalise and craft the policy, but only after hearing different views. More heads are better than one, and you want your board members to speak up, to point out things they're uncomfortable with.

WHAT ARE YOUR CRITERIA WHEN LOOKING FOR BOARD CANDIDATES?

I choose talent first; I choose people for positions based not on gender, religion or race, but on merit, on whoever is the best person for the job. You want different types of people on boards. After all, your customer base, particularly in banking, is made up of people of different gender, religion and so on.

I just had lunch with my colleagues from another company and they mentioned that they have a board vacancy coming up. I gave them a lady's name and said I think she is

“You will see richer dialogue and discussion with women on boards. Because of our good experience, we now always insist that we have women on our Board.”

a good candidate. Because to me if there are two candidates with equal merit and one is a woman, it's a natural thing. The question should be, what's the issue with choosing a woman?

WHY DOES SINGAPORE HAVE A VERY LOW GENDER DIVERSITY RATIO ON BOARDS?

One reason is probably that in Asian culture, we tend to lean towards more male dominance.

Secondly, historically the pool of women who were available for board appointments was rather small. When it comes to the ratio of successful, professional, senior corporate people, men still outnumber women.

It's easier as a matter of convenience to say that, well, I work on merit

and so all I find are men. So I think it's a combination of availability and long standing cultural bias. Therefore, companies actually need to make the effort to identify women to sit on their boards. The board chairman or the nominating committee or even the shareholders need to take a more proactive approach.

Boards without women don't necessarily discriminate against them. Maybe they have not made the extra effort and most of the candidates they come across are men. Boards have to actively seek out capable women professionals to take on board seats because they believe having women on boards helps enrich board discussions and gives a better understanding of their audience or customer base. To that extent,

I think beyond merit, boards must actually believe in diversity.

YOU HAVE OBVIOUSLY BEEN SUCCESSFUL AT THAT. YET YOU'RE MALE, CHINESE, AND PRESUMABLY YOU ALSO HAVE THIS CULTURAL BAGGAGE. HOW DID YOU OVERCOME THIS?

I don't have such baggage because at home I am surrounded by women. I have a wife and two daughters. As far as I can remember, I've never, in choosing somebody either for a management or a board position, looked at the women any differently.

HOW DO YOU GO ABOUT SELECTING BOARD MEMBERS?

If we were going to replace one of our two female Board members, we would probably actively look for female candidates.

We have a nominating committee and Board members are asked for references, and we tap on references from other GLCs [government-linked companies] and Temasek. We also use executive search firms. I think a very good example is our Hong Kong Board, which is not even listed. We went out of our way, including using executive search firms, to search for a woman for our Board. We specifically asked them to search for a female board director because our Hong Kong Board was all male.

We now have women on our Board also in China. We appointed Jeanette Wong to chair DBS Taiwan and we appointed Tan Su Shan to chair DBS Indonesia, because we thought they were the best people to chair the boards. We were under no pressure because those boards are not listed. This is proactive.

Q&A with Peter Seah *continued*

ARE THERE MORE CONCRETE, TANGIBLE WAYS TO ENCOURAGE CHAIRMEN TO FORM MORE DIVERSE BOARDS?

I think it's the duty of every board to ensure that its company does well. Over time, if you begin to see that gender-diverse boards tend to be better at reaching out to customers and engendering a better corporate culture within their organisation, including showing women within the company that they are represented at the highest level, all these should lead companies that don't have women on their boards to think about: Why not?

To put it very simply, what do they have to lose? What do I have to lose, rather than what do I have to gain, by having women on my board?

If you are looking to fill a board seat, you can have a woman on merit who also gives you the additional perspective of a woman. It has to be a plus. If you insist it's not important, it's to your detriment.

SHOULD INVESTORS PLAY A GREATER ROLE IN DEMANDING A MORE DIVERSE BOARD?

Shareholders are increasingly looking at diversity. If you are on a board with no women, they will increasingly write in and ask questions. So, that's going to bring about change.

WOULD YOU ADVOCATE A QUOTA?

I personally am against a quota. The last thing you want to do is fill a board vacancy with a woman just because she is a woman. You will contribute to a perception that it's really not a good idea to have women on the board because they are only there to meet a quota.

I want to see every woman on the board stand equally, have the same

voice as all other board members, as they deservedly should have, and be respected and have their views respected. You should not trade quality for diversity because then you're doing it for the wrong reasons.

That said, in today's world, particularly in a country like Singapore where the capabilities of men and women have converged in the workplace, we have women in leadership positions in every profession. So, you really have to ask yourself, if it's not a minus to have a woman on the board, if it's not a disadvantage, wouldn't it add to the strength of the company to choose somebody on merit who is also a woman?

If you are not prepared to change and you want to be stuck in your old ways where you think male dominance is the answer to your board, then it's to your detriment. Diversity is good for boards.

WHAT DO YOU SAY TO COMPANIES THAT FIND EXECUTIVE SEARCH FIRMS ARE TOO EXPENSIVE?

Maybe for some companies they are too expensive. It varies from company to company. For us it is money well spent because we get them to look for both male and female candidates. But usually with a bit of effort your own board members can find candidates. Our two female candidates on the main Board were not found by executive search – we reached out to them.

You also have to look at the size of the company. For a smaller size company, do you really need to overpower your board with high profile CEOs or managing partners of accounting or law firms? A successful professional in many ways could add value to your board. If your criteria are the same when looking for both men and women for your board, it will be a lot easier to find women.

WHAT DO YOU SAY TO CHAIRMEN WHO SAY THERE AREN'T ENOUGH WOMEN CANDIDATES? ARE THOSE CHAIRMEN NOT TRYING HARD ENOUGH?

I don't want to be judgemental. I can only say that if you believe and you see the benefit, the value, of having women on your board, then you will need to proactively start planning for it and start looking around.

This is not something you can resolve in a day or two. So, if you have board members who are going to retire in one or two years' time, you have to start thinking about it.

SOME COMMENTATORS SAY WOMEN DON'T PROMOTE THEMSELVES WELL ENOUGH AND THEY NEED TO BE OUT THERE MORE. DO YOU AGREE?

Well, I think Asian culture generally doesn't encourage women to be too upfront. Going out, giving out name cards and being more upfront with your availability for boards may help, but I don't approach women to join the boards just because they are upfront.

From a rational standpoint, you don't want the same women sitting on all the boards. You want to expand the pool. It's important for you to try new names, new people. That's what nominating committees are for – to identify good candidates, not necessarily proven candidates.

Q&A with Euleen Goh

Independent Director, DBS Bank



Ms Euleen Goh was appointed to the Board of Directors of DBS Group Holdings Ltd and DBS Bank Ltd on 1 December 2008. Euleen is a non-executive board member of CapitaLand Limited, SATS Ltd., Singapore Health Services Pte Ltd, Royal Dutch Shell plc and a Trustee of the Singapore Institute of International Affairs Endowment Fund and a member of the Board of Trustees of Temasek Trust. She is also the Chairperson of the Board of Directors of her alma mater, Singapore Chinese Girls' School and Chairperson of the Board of Governors of NorthLight School.

WHY IS GENDER DIVERSITY ON BOARDS IMPORTANT TO YOU?

Gender-diverse boards have a range of insights and experiences, bringing a wider perspective. Boards with many members who go to the same clubs, work in the same circles, network with each other, read the same books, have the same experiences and share the same information need to reframe their composition.

In today's complex, uncertain world, it is important that boards have what [the author] Ram Charan calls 'perceptual acuity'. This is the insight of what's out there that the boards need to know; what are our competitors doing that we need to lend an ear to; what's happening in the world that we should think about; what's coming down the chain that's going to be disruptive. So, it is necessary to have wide-ranging views and insights that provide a window on what's happening outside the boardroom. Diversity of board members is very important in the

contribution to that factor. Gender diversity is just one factor of it.

WHAT ARE THE BENEFITS OF GENDER DIVERSITY SPECIFICALLY?

As the world shifts and talent becomes much more prized and a competing factor, women are gaining a bigger voice in decision-making in everyday life. Boards must understand the perspective of women consumers, the talent out there, and the decisions that relationships with women will bring. I think that perspective should feature a lot more in boards today.

Gender diversity brings along with it that diversity of experiences. Half the world's market is female. If you look at the statistics, they'll tell you that in Japan 70 per cent of buying decisions for cars are made by women. It's important to know how women customers think, how they feel and where they're coming from. Women would be able to understand the decisions other women make.

Unilever had a development team that included women and they understood that it was harder to sell bottles of shampoo to members of lower socio-economic groups in India because they don't have space in their homes for the bottles. Once they started selling shampoo in sachets, it made a huge difference to their business.

Women have certain traits that are more prominent. The trait of intuition, of people, of relationships is very important. So I think it's just the whole spectrum of differences of traits of experiences of insights that are very important.

HOW DOES THIS PLAY OUT IN PRACTICE AT DBS?

The women on the DBS executive team are powerful drivers of its success. This doesn't devalue what men do – the entire team makes it happen. They work well as a team, bringing all their different qualities and melding them into a high-performance team.

“Too many times the thinking is: ‘We know what’s out there, we know who’s out there. We’ll just appoint the people we know’ rather than ‘let’s take a meaningful look at the wider pool of people and try to bring much more diversity to the board’.”

IF THERE ARE SO MANY BENEFITS, WHY AREN'T MORE WOMEN ON BOARDS IN SINGAPORE?

I can't say. One factor is boards tend not to use search firms. They tend to say Singapore is a small market, we know everybody in the market place, and therefore we know that individual would be a good fit, rather than to say, we will do a search of an entire pool to see what names come up. In some instances, casting the net wider is an important step to take.

I think that ladies in the C-suite are a fairly recent phenomenon, so the pool has just started to get bigger. And maybe the turnover on boards is too low to bring in new members. Time will bring about that change – the question is, at what speed. The future looks a lot brighter than the past.

ARE THERE PRECONCEPTIONS OR IS THE PROCESS OF NOMINATING BOARD MEMBERS THE PROBLEM?

Too many times the thinking is: “We know what’s out there, we know who’s out there. We’ll just appoint the people we know” rather than “let’s take a meaningful look at the wider pool of people and try to bring much more diversity to the board.”

CAN THE BENEFITS OF GENDER DIVERSITY BE QUANTIFIED?

Some studies show that having gender diversity leads to better financial performance, but other studies don't support this argument. I think there is no single measurement, no silver bullet. Financial performance isn't the 'be all' for a company; it's not the measure of return, but the growth trajectory.

It's far more important that boards and chairmen of boards see the value of gender diversity. The broader perspective that it leads to better risk management and risk return makes sense. Measuring how the potential of the people in an organisation is maximised makes sense. A strategy that enables a company to have a longer-term higher-potential future makes sense. All those factors and more show the strength of a board, the strength of a management team and how the board looks at the management team.

So, for the good of our marketplace, I would like to see diversity on all our boards.

SO IT'S ABOUT VALUES, RATHER THAN VALUE?

Investors like to see diversity. They are much more comfortable investing in companies with gender-diverse boards because many international

institutional investors recognise the different values that diversity brings.

WHY ARE CHAIRMEN NOT CASTING THE NET WIDER?

Probably because previously, we were in an era when there weren't enough women who put up their hands and stepped forward. We now have a much larger pool with louder voices wanting to join boards. Not enough boards are prepared to bring on first-time board members unless it's through personal relationships or for those with the required standing. So networking is very important. Women have to network and put up their hands.

I've often advocated to women that it's worthwhile thinking about which sectors most interest them and what they bring to the table.

It's also not about saying, “I'm available, bring me on board”. It's about, “Do I bring international perspectives, do I bring experiences of a certain discipline, do I bring a technical edge of some sort?”

Women have to think through that for themselves and then say that for themselves as they put up their hands to ask.

MORE NETWORKING?

I absolutely think so. I know that in London there is a club of FTSE chairmen who get together and mentor senior executives, both in

executive roles and for the board. That might be a useful club to start.

SO ARE YOU SAYING THERE'S NO INHERENT CULTURAL OR PERSONAL RESISTANCE ON THE PART OF THE CHAIRMEN?

By and large, as a society we are very proud of our equal opportunities and equal education standards for all, so I don't think there is any such inhibition. I think it's just much more opening the window to gender diversity.

DO QUOTAS OR TARGETS NEED TO BE SET?

I speak as a woman who has participated long in the marketplace and I would decline any targets. Because targets lead to tokenism, or the perception of tokenism, and that's very dangerous. You would get too many people asking themselves whether that appointment was made to meet a target.

We should stick to the same tried and tested principle that Singapore adopts the principle of meritocracy. But we shouldn't hide behind the shield of meritocracy when we have no diversity. I'm convinced that we can get diversity with meritocracy.

For example, in my previous executive role, when I was looking for diversity in the leadership team, there had to be at least one woman in the slate of candidates. And all things being equal, diversity would be a factor, but meritocracy would take precedence.

Too often, we say yes to meritocracy, but when we look at the slate of candidates, it's the same old, same old. And that's why we have to open our eyes and our perspectives to see if we can bring on more diversity, broaden our pool of candidates and look at talent with different eyes.

It's an anomaly for women to have such low representation in Asia when we have made such a merit

out of equal education and equal opportunities for all. And the reality of it is that we have well-qualified women. So, where are they?

INDEED, WHERE ARE THEY? ARE THERE NOT ENOUGH CANDIDATES?

We've got a terrific pipeline of women coming through. But when I speak to women I remind them that they should stop complaining if they opt out. It's their choice. Secondly I remind them there is a confidence gap and they shouldn't be afraid to step up. And thirdly I remind them that they would do well to ask – we are too self-effacing.

A man would have a game of golf and say, "By the way, I'm retiring next year and I'm looking for board positions" and the word gets around and his name comes up. Women just don't do that sort of thing. They wait to be asked. Sorry, that's not the way of the world. So I do remind women that we have a role to play in getting to board seats and not complaining.

IS THIS ALSO HOW YOU BUILT YOUR BOARD CAREER?

My first couple of board appointments, and quite senior ones, came out of the blue. I didn't ask. But when I looked at my portfolio, I thought that having an appointment on an overseas board would add to my governance experience and my understanding of board roles. The reality is in many developed countries, boards tend to use search firms. So they cast their nets a lot wider. I met the head of a search firm, we had a conversation and I put my name forward for board searches. I knew which countries and sectors I wanted and that led to my first overseas board appointment.

I've turned down roles that I've felt are not my field or where I have no interest in the sector. That's just as important. It's a real grind if I'm not interested in a sector, if I'm not the

right fit for the board or the country doesn't make sense to me. So, understanding fit is very important.

IS IT ENOUGH TO HAVE MANY WOMEN IN YOUR MANAGEMENT TEAM, EVEN IF YOU DON'T HAVE THEM ON YOUR BOARD?

The board has a different role from the executive team and that has to be understood. What the board brings to the table is the macro picture of what's happening out there in the world [the perceptual acuity] that the executive team in their daily engagement may not see in terms of the broader perspectives. The development of strategy, the give and take, the guiding and coaching role – that differentiates the board from the executive team and therefore it needs diversity.

Q&A with Stephen Lee

Chairman, Singapore Airlines



Mr Stephen Lee is Chairman of Singapore Airlines Limited, SIA Engineering Company Limited and the NTUC Income Insurance Co-operative Limited. He is also the Managing Director of Shanghai Commercial and Savings Bank Ltd. (Taiwan) and Great Malaysia Textile Investments Pte Ltd among several other appointments. Mr Lee is a Senior International Advisor with Temasek International Advisors Pte Ltd and an alternate member of the Council of Presidential Advisers.

WHY IS GENDER DIVERSITY IMPORTANT TO YOU?

You need diversity at the board level to help management improve the thinking process. The more diverse the board is, the more comprehensive the discussion will be. Diversity brings wider views and helps management with input; therefore, we hopefully get better answers.

At SIA, we have always had different nationalities represented because, being such an international company, we need insight into developments in key markets. We have had gender diversity for many years. This is important, especially for a customer-facing industry like ours, where we serve a large number of female customers. Through the years, we've noticed that, depending on the area of expertise, sometimes a male expert and a female expert bring different perspectives. Many of our Board members are frequent flyers. So again, from a customer feedback standpoint, we see that diversity brings different perspectives.

HOW MIGHT A FEMALE FREQUENT FLYER HAVE DIFFERENT VIEWS FROM A MAN WHO TRAVELS FREQUENTLY?

Women are able to bring a certain perspective that the guys don't have. For instance, some female passengers want to 'touch up' before arrival. But on full flights the queue at the washroom can be quite long, even in the premium classes. So, we have put a small mirror at each seat.

In another example, women passengers prefer a bit more privacy, so when looking at certain seat types for our aircraft, we chose seats in the premium class with a certain orientation where you sleep at a certain angle. Again, these little touches are things that sometimes the guys don't think of. These are some of the improvements we've made that come from gender diversity.

ARE YOU LOOKING TO INCREASE THE NUMBER OF WOMEN ON THE SIA BOARD?

We are. We've gone out actively looking. It's important for a consumer-facing industry like ours where many of my employees and many of my customers are females. We need more gender diversity. Women can somehow put things across differently, whether it's internal communications or there's a discussion on the board.

The male members very much look forward to their input, to see whether or not they have a different view, both professionally and generally. So, the contribution by the board members is not just in the board business discussions. In a service industry like ours, a lot of the feedback also comes from board members who hear from their friends, and then there are their own experiences.

IS IT POSSIBLE TO MEASURE THE TANGIBLE ADVANTAGES OF HAVING WOMEN DIRECTORS?

I think it's more about the process. Quantitatively, it's more difficult to measure. When we look for board members, we are quite gender-neutral and we look for capabilities first. But increasingly in the last couple of years, gender diversity has become more important. The Board feels that, since half of our customers are female, women should have better representation.

Also, SIA has a large number of female employees, especially the customer-facing stewardesses. Sometimes on a long flight they have time to chat, and part of the director's role is to get feedback from employees, especially on human resource issues and approaches. We find the female employees relate better to a female director. They are able to be more open – they are more comfortable discussing some issues with them.

So these benefits are more qualitative, and difficult to quantify.

HOW DO YOU SOURCE FOR DIRECTORS?

We look at the rotation and the retirement of directors and we look to fill certain gaps. We will make a shortlist, and in the shortlist we like to see gender diversity. We will look at the Board twice a year, at who may be stepping down and what sort of capability gap we need to fill. And more often, we are looking at the next 10 years of the company's development and we say, "Where would we like to be and what capability do we need to build?" We may do this internally or we may do this with outside agencies. So, the mandate will be quite specific – it's not just any director with experience.

RATHER THAN BEING GENDER-NEUTRAL, SHOULD CHAIRMEN BE MORE PROACTIVE?

I think so. We purposely look for gender diversity, but I still rank the skill set and experience first.

We also search intentionally to fill certain gaps and build certain capabilities. For instance, right now we are looking for skills in big data. Sometimes, because of the male domination of certain fields, suitable women may be more difficult to find. If we can, we should have two or three women on the Board, but we are not just going to appoint them because of gender. Filling those capability gaps would be more important.

Perhaps having a female heading the nominating committee can help with gender diversity.

SOME CHAIRMEN MIGHT WORRY ABOUT BEING TAKEN OUT OF THEIR COMFORT ZONE BY HAVING DIRECTORS IN THE BOARDROOM WHO CHALLENGE THEM.

SIA management welcomes that. We need to be stretched. SIA has been very successful for quite a long

time. One of our worries is that we become trapped in our past successful formula, afraid to break away from it.

When you are a premier corporate business airline, or known as such, to go into low-cost carriers is a big diversion. But we had that discussion 10 years ago and started Scoot. We need to stretch ourselves and management welcomes that. I think very few industries will have a very stable environment for the next 10 to 15 years.

WHAT IS YOUR ADVICE TO CHAIRMEN WHO ARE RELUCTANT TO CHANGE BECAUSE THEIR CURRENT STRUCTURE HAS WORKED IN THE PAST?

There is a big attitudinal change between successive generations. I see a bigger attitudinal change between myself and my son on many of the traditional issues. Maybe this is because the internet is levelling the availability of information. The gap between me and my father is not as big as that between me and my son, be it about technological savviness or attitudinal differences towards a host of issues.

"We have had gender diversity for many years. This is important, especially for a customer-facing industry like ours, where we serve a large number of female customers."

“Women can somehow put things across differently, whether it’s internal communications or there’s a discussion on the board. The male members very much look forward to their input, to see whether or not they have a different view, both professionally and generally.”

So, there is hope when the new generation comes up. In Singapore and in Hong Kong, I have seen the next generation take an active lead in successful family businesses, sometimes with the patriarch still around. There is some recognition by the older generation that this is required for the success of the company. A very parochial type of approach just harms their company.

WHAT IS YOUR REACTION WHEN YOU HEAR CHAIRMEN SAY THEY DON'T NEED FEMALE BOARD MEMBERS BECAUSE THEY HAVE WOMEN IN THEIR EXECUTIVE TEAM?

Participation in issues is quite different at the board and management levels. The Board spends a lot of time on governance issues. We need people who are knowledgeable about governance and can think strategically and globally. This is especially the case for SIA – we need to be able

to anticipate behavioural changes that may be coming, so we constantly want to engage our younger customers to see how they would like to make travel decisions.

SHOULD QUOTAS BE SET TO ADDRESS THE GENDER IMBALANCE ON SINGAPORE BOARDS?

It's very difficult to set a quota. Boards must genuinely see the benefits diversity can bring. There are enough role models, such as female ministers and CEOs, and also quite a few of Singapore's leading companies have very competent female CFOs. We have one in our group. So, I think the biases are beginning to subside – they are breaking down.

Quotas won't work. Companies will find ways to get around the quota. It also creates a negative image if you are a female director. It creates the impression you were picked because of the quota – so I'm not for that.

Q&A with Simon Israel

Chairman, Singtel



Mr Simon Israel is the Chairman of Singapore Telecommunications Limited, Singapore Post Limited and a Director of CapitalLand Limited, Fonterra Co-operative Group Limited and Stewardship Asia Centre Pte. Ltd. Simon is also a member of the Governing Board of Lee Kuan Yew School of Public Policy and Westpac's Asia Advisory Board.

WHAT IS YOUR VIEW OF THE CURRENT LEVEL OF GENDER DIVERSITY ON THE BOARDS OF SINGAPORE-LISTED COMPANIES?

It's shocking. It's an embarrassment. It's quite challenging that we want to hold ourselves up as a financial centre and yet on gender diversity we are so far behind our neighbours. For me, it's a black eye, not a black mark. It's something that needs to be addressed.

WHY IS THIS ISSUE SO IMPORTANT TO YOU?

I always worry that people think I'm trying to prove a point. I'm not. I'm just very cognisant that half the world is female and there's a lot of talent. So how do you tap that to build a better board? That's my only objective.

The starting point is where can we find talent? Where is that talent in management? Where is that talent in society? Where can you draw from to have a bigger gene pool for potential directors?

WHERE CAN COMPANIES SOURCE FOR A LARGER POOL OF TALENT TO SIT ON THEIR BOARDS?

If you are prepared to have a much wider profile of what could bring diversity to your board, the gene pool is much bigger than boards probably think it is.

One issue I see, and it's a personal view, is that too many boards still have a stereotyped image of a company director – that they must have been a partner at a law firm, an accounting firm, a very senior person in finance, must be an ex-CEO.

Those are great people to have and we have our share of those. But why don't you go a bit broader? Why don't you start thinking about the fact that 50 per cent of your customers are women? They fill many roles beyond being housewives.

We have people in academia, science, technology and public service. If you're prepared to look at a much broader profile of what talent

could be – and this equally applies to men – you'll find that the gene pool is much larger than you think. That's been our experience.

WHAT BENEFIT DOES GENDER DIVERSITY ON BOARDS BRING?

If you take the broader principle about diversity, you're trying to avoid 'group think'. You want to approach issues and opportunities with very different perspectives. In my experience, the discussion is always richer as a result of that and that is very valuable.

SO GENDER DIVERSITY IS A NATURAL OUTCOME OF A STRATEGIC BOARD?

Absolutely. If you are a more progressive board, you are probably exploring the world more open-mindedly. You are probably better at dealing with innovation and disruption and are more progressive in your policies and practices – and that should benefit a company overall. And those boards tend to have more women than the average.

“So I would like to see boards encouraged on diversity and gender diversity specifically. As a first step, let’s require boards to articulate their policy towards this and as a second step, set their own objectives. If we can’t get traction then perhaps it will require further regulatory intervention.”

IN WHAT WAYS DO WOMEN DIRECTORS CONTRIBUTE A UNIQUE VIEW?

I would rather not be accused of making clichéd statements, but women just approach things differently. Generally speaking – of course there are always exceptions – my observations are women who make it onto boards probably have better EQ [emotional intelligence] than men. Not only do they approach issues differently but they also manage the conversation in such a way that is probably less confrontational – very firm but less confrontational and quite persuasive. Men tend to be a little more blunt, more direct and they want things done their way without necessarily seeing buy-in as being as important as getting the message across.

In board conversations, women place more emphasis on values and how you’re arriving at certain decisions. They probably ask questions from time to time that men would consider but would probably give a different priority in the discussion. It’s a very different balance.

Having said that, I’m not suggesting women should be the conscience of the board. I’m just saying that those attributes come through based on my

observation with the women I’ve worked with on boards.

IN WHAT WAY IS DIVERSITY GENERALLY – NOT JUST GENDER DIVERSITY – IMPORTANT?

It’s quite amazing that the average age of a board is likely to be between 58 and 65. So we have people who are grandparents making decisions about the future of the company. While they have experience and wisdom, are they able to grasp the way in which the world is changing and being disrupted by the digital age and the millennial generation – I am not sure boards get that.

Can you imagine if you presented Mark Zuckerberg [as a board candidate] before he created Facebook – he probably would have been tossed [out]. Today, he can go talk to presidents and prime ministers and he’s very welcome. So I think there’s a real danger that boards are getting too old relative to the pace which the world is changing.

THE COUNTER ARGUMENT IS THAT THESE PEOPLE AGED 58 TO 65 HAVE THE EXPERIENCE.

Yes, so it’s about diversity, it’s not about being one or the other. I think it’s important that alongside gender

you also look at age, and get some younger people onto boards.

That has challenges. Most of them have careers. But there will always be some outstanding individuals who would be quite prepared to sit on maybe one board, alongside their career. There are some quite progressive companies that encourage that for people development as well. They see it as a key development tool. Go on the board of another company; see that the world is different. That’s quite often something that’s offered, if you will, to people identified as high-potential, possible CEO-type successors. They encourage these people at 40 as opposed to 60. And if you talk about the digital, well, anyone could be any age.

So, I flag age because if you’re looking for a richer gene pool, you need to consider this as well as broadening candidate profiles.

HOW IMPORTANT IS IT FOR CANDIDATES TO HAVE PRIOR BOARD EXPERIENCE?

Everybody wants very experienced company directors, so not only are they capable, you know they have sat on a number of boards and have governance experience. But if you’re not prepared to bring in people who

have the skill sets, capabilities and right character but who have not sat on boards – if you're not prepared to bring in one or two of those – how are you going to grow the universe?

We've happily taken on people at Singtel who have not sat on a listed board before. And yes, they're smart people; they'll get it in five minutes. That's the least of your worries.

WHAT PRACTICAL STEPS DO YOU TAKE AS CHAIRMAN OF SINGTEL TO ENSURE YOU HAVE A DIVERSE BOARD?

The starting point is that we build a board's needs matrix – which most boards do – skill sets and capabilities change over time as your strategy changes.

Then we do a global search for directors. We make a point of having one female director on our Nominations Committee. Search firms who conduct our global search are required to present female candidates alongside males. Don't come back to tell us "there's no women out there".

The nominations committee is required to consider the female candidates along all the others. We rank potential directors based on what they bring to the table, vis-à-vis our needs. We often find many women in the top 10. So the talent is out there if you are prepared to look for it.

HOW SHOULD COMPANIES GO ABOUT BUILDING A STRATEGIC BOARD?

When you build a strategic board, you need to cover the critical functional skill sets that you should have on a board. So, accountants and lawyers provide valuable perspectives around big decisions. Then you need to have a few people with what I would call domain expertise, and preferably domain expertise around where you're going as opposed to where you came from. Is this board fit

for purpose, and is this board built to really support the strategy of the company?

At Singtel, each year we have a strategic retreat with management. From this, we align on a strategic mandate for management to take the company forward.

So from this clarity of strategy, we ask ourselves, is our Board capable of supporting the strategy? Do we need to add different skill sets?

They are not just doing a job, they are highly engaged. They see that the company's success is their success.

APART FROM LOOKING FOR DIRECTORS WITH THOSE SKILL SETS, WHAT OTHER QUALITIES SHOULD THEY HAVE?

You need people who bring a high degree of intelligence and curiosity, are interested in the industry you're involving them in, and are quite passionate about it. They're not just doing a job – they're interested, they want to learn, they want to grow and they want to engage with people. They see that the company's success is their success.

They are the kind of people who are very good at managing interpersonal relationships, have good EQ, and are able to build chemistry, but they've got intellectual honesty and integrity and they'll ask the difficult questions when the need arises – and they're willing to have a robust debate. That's the kind of board you're trying to build.

So character and personality weigh very, very heavily, as does the motivation of someone to become involved in the board.

WHAT IS THE IDEAL NUMBER OF WOMEN ON A BOARD?

Being the only woman on a board is a lonely role; two is helpful and three changes the dynamic for the better. But I want to be clear that it's not about women per se. To me the starting point – and I think any woman would agree if they're invited to join a board – would be merit. Gender is a secondary issue. But having said that, I think there is a lot of female talent out there that isn't being tapped because of conventional beliefs, which in my view are somewhat flawed.

"One issue I see, and it's a personal view, is that too many boards still have a stereotyped image of a company director ... If you're prepared to look at a much broader profile of what talent could be – and this equally applies to men – you'll find that the gene pool is much larger than you think. That's been our experience."

Q&A with Simon Israel *continued*

ARE THOSE CONVENTIONAL BELIEFS STOPPING CHAIRMEN FROM LOOKING FOR MORE DIVERSE CANDIDATES TO BUILD THEIR BOARDS?

It's dangerous to generalise. There are very progressive boards, and there are other boards that are very set in their ways – they have their own comfort zone and are not prepared to budge. But you could have progressive boards which are looking for talent say they can't find the right people because their profiles, just maybe, are too narrowly defined. If you're prepared to have a much wider profile of what could bring diversity to the board, the gene pool is much bigger than boards probably think it is.

EXECUTIVE SEARCH FIRMS COST MONEY. WHAT DO YOU SAY TO COMPANIES THAT AVOID SPENDING MONEY ON SEARCHING FOR DIRECTORS?

Well, that's kind of 'penny wise, pound foolish'. Personal networks can obviously deliver recommendations and they should be included. I'm not against that. But the trouble with this kind of personal network approach is that you end up with a whole bunch of very like-minded people who are very comfortable with each other, and there's a risk that they've got personal relationships outside the company. Are they really prepared to rock the boat? Are they really going to disturb all their friends?

I'm not so sure. But that again is a dynamics issue. To me the whole idea around search is, how do you know what's out there if you don't look?

WHAT ROLE SHOULD INVESTORS PLAY IN PROMOTING DIVERSITY ON BOARDS?

Institutional investors are big on this in Europe, and to some extent in the

US. But they don't seem to be big on it in Asia. It's hard to make progress on this if you don't have the investor base pushing for it.

SHOULD THERE BE QUOTAS?

I'm personally not in favour of quotas. I think you run the risk that people fill up seats to meet quotas – and you really risk undermining the intention of the outcome you're trying to achieve.

From a woman's standpoint, you don't want to feel that you got a seat at the table because someone has to fill a quota. And you always have that deep suspicion that you've been invited because there is a quota to be filled.

So I would like to see boards encouraged on diversity and gender diversity specifically. As a first step, let's require boards to articulate their policy towards this and as a second step, set their own objectives.

If we can't get traction, then perhaps it will require further regulatory intervention.

SOME SAY PROGRESS IS SLOW IN SINGAPORE. HOW MANY WOMEN DIRECTORS ARE ENOUGH AND WHAT TIME FRAME IS FAST ENOUGH?

Boards need to accept for themselves that women directors strengthen boards and governance.

It should be a regulatory requirement for boards to set out their policies and objectives around this. This will build the commitment and momentum needed to get to say, around 15 per cent female representation within 5 years, a number which is realistic. My preference would be a more ambitious target of 20 per cent and this is something we can reset as we progress. I am not in favour of quotas, which I view as a last resort.

“We make a point of having one female director on our Nominations Committee. Search firms who conduct our global search are required to present female candidates alongside males. Don't come back to tell us ‘there's no women out there’.”

Q&A with Christina Ong and Teo Swee Lian

Independent Directors, Singtel



Mrs Christina Ong (pictured on right) is a non-executive board member of Singapore Telecommunications Limited, Overseas-Chinese Banking Corporation Limited, SIA Engineering Company Limited, Singapore Tourism Board and Trailblazer Foundation Ltd. She is a Partner of Allen & Gledhill LLP as well as Co-Head of its Financial Services Department. She also sits on the boards of companies and entities which are owned by Allen & Gledhill LLP.

Ms Teo Swee Lian is a non-executive board member of Singapore Telecommunications Limited, AIA Group Ltd and Avanda Investment Management Pte Ltd.

SOME COMPANIES SAY THEY DON'T WANT WOMEN DIRECTORS JUST BECAUSE OF THEIR GENDER – SKILLS MUST COME FIRST. DO YOU AGREE?

Christina Ong: Boards must look at the diversity of skills on the board first. Gender won't necessarily feature, but it should not be excluded. One should have some protocols for looking at candidates; so boards should not just look for male candidates, they should look for the right skill sets to fit the board.

WHAT INFLUENCE DO WOMEN DIRECTORS HAVE ON COMPANIES?

Teo Swee Lian: There have been studies that show women are more risk-aware. Women tend to have honed this skill set to a better level. So there is the old joke that if it had been Lehman Sisters instead of Lehman Brothers, would the company have failed?

ARE THERE INDUSTRIES THAT ARE LESS SUITED TO WOMEN DIRECTORS?

Christina Ong: Some may think there are companies in certain industries that women may be less suited for – say, engineering. But companies in different industries can be as gender-diverse as they want to be. Even an engineering company gets involved in lot of things apart from day to day engineering. It goes into acquisitions, it goes into joint ventures etc. As a lawyer, I believe I could add value. You don't necessarily want only engineers or people with an engineering background on the board.

WHAT PRACTICAL STEPS SHOULD CHAIRMEN TAKE TO BRING ABOUT MORE DIVERSE BOARDS?

Teo Swee Lian: Boards, nominating committees and chairmen should cast their nets much wider than their inner circle.

A well-run board and nominating committee looks at skill sets the company needs. If the company is moving into a different area, such as undertaking acquisitions abroad or having problems with high staff turnover, then it needs to look for someone with that experience or a proven track record in that area.

Start with a wider circle, go beyond friends, and look outside Singapore. If the company uses a search firm, tell them what's needed in terms of the skill set or diverse views.

If the candidates you find include a woman or someone who brings diverse views from a different country or a minority, that's even better. You might even want to specify to search firms, if you use them, that they should include women in the list of candidates.

Q&A with Christina Ong and Teo Swee Lian *continued*

HOW MUCH SHOULD SHAREHOLDERS AGITATE FOR CHANGE?

Teo Swee Lian: What's really going to put the issue on the table is if big shareholders or stakeholders companies care about are asking the question.

Christina Ong: Stakeholders have not exercised their influence enough. In the Western countries, they are very strong on corporate responsibility and gender diversity; shareholder groups may have gender diversity reflected in their voting instructions. When they exercise their voting power, they make it known that they expect to see a board that is diverse. And if these stakeholders say they want to see a diverse board – because their customers are diverse and the board should reflect the diversity of the customers – the stakeholders can influence the board's behaviour.

WHAT ROLE DO CONSUMERS PLAY IN PROMOTING GENDER DIVERSITY?

Teo Swee Lian: If your company sells products or services, chances are that at least half of your customers are women. Shouldn't you have some people in senior positions and on boards who can share their perspective of what women customers want?

Much more needs to be done to raise the awareness of boards and nominating committees, and the 'opinion multipliers' outside the company that boards and nominating committees listen to.

It's now very common to have companies declare they don't have factories in places with no strong child labour laws, or they don't source their coffee beans from places which aren't sustainable. So you have to start asking

questions about women directors. Those are the types of conversations that may make a board sit up and do something.

ARE THERE ENOUGH WOMEN WHO WANT TO BE DIRECTORS IN SINGAPORE?

Teo Swee Lian: There are people who are able, but not necessarily willing. When women retire, they have more time to contribute to boards. But by that time they might want to do volunteer work. Some of them might have grandchildren they want to look after. On the other hand, retired men want to continue doing something that allows them to still contribute from a work point of view, or to have a certain status. But having said that, there are also many women who want to continue to put their professional skills and experiences to good use by serving on boards post retirement.

“Much more needs to be done to raise the awareness of boards and nominating committees, and the ‘opinion multipliers’ outside the company that boards and nominating committees listen to ... So you have to start asking questions about women directors. Those are the types of conversations that may make a board sit up and do something.”

Teo Swee Lian

Christina Ong: Taking on board responsibilities is not the holy grail for women who retire, whereas men look for something after retirement very much like what they have been doing – managing their firms and being in positions of control.

SHOULD WOMEN PROMOTE THEMSELVES MORE?

Christina Ong: Women who are interested, should, especially if they feel they could add value.

Teo Swee Lian: In Asian culture, women might be reluctant to promote themselves, but that doesn't mean there aren't many board-ready women. They might worry that they will be perceived as shrill, overly ambitious or neglecting the family, but men are usually not judged in this way.

IS IT ENOUGH TO JUST HAVE SENIOR WOMEN IN MANAGEMENT ROLES WITHOUT HAVING WOMEN DIRECTORS?

Christina Ong: It's different. For example, many listed companies have a good representation of women in senior management. But having women representation on their boards is important too.

I look at the contributions of women in senior management. And I myself bring along a different perspective when taking a view on issues. For example, a lady on the remuneration committee may look at remuneration and contributions through a different lens than a male director.

Teo Swee Lian: There's a big difference between the role of the board and the senior management. One doesn't compensate for the other. You can't say that just because you have women on the C-suite you don't need women directors. They perform different functions. Ideally, you would have a blend of both.

“Some may think there are companies in certain industries that women may be less suited for – say, engineering. But companies in different industries can be as gender-diverse as they want to be.”

Christina Ong

SHOULD QUOTAS BE IMPLEMENTED?

Christina Ong: I think there is a danger of mandating tokenism. “There's a quota I have to fill and therefore I'll just get a lady.” I don't know if that's the right approach.

I read in an article that International Monetary Fund chief Christine Lagarde had previously said she didn't believe in quotas. But she has had a re-think and that maybe quotas should be imposed because gender diversity is not happening.

Teo Swee Lian: Having been a regulator, before you come out with a policy or a rule, you will think whether or not there is a market failure. And usually if the market can take care of this particular risk or this particular gap, that is actually the best solution. But sometimes the market might need a nudge, so while I'm not in favour of quotas, if it really takes too long or if there really isn't enough awareness in the minds of people, then the threat of a quota might actually be a catalyst that's needed.

Q&A with Serge Pun

Chairman, Yoma Strategic Holdings Ltd



Mr Serge Pun is the Executive Chairman of Yoma Strategic and also the Chairman of Serge Pun & Associates (Myanmar) Limited (SPA).

WHAT IS YOUR MOTIVATION FOR SUPPORTING GENDER DIVERSITY ON YOUR BOARD?

Diversity is important but not the goal. The goal is to have a very good board, with diverse backgrounds, gender, experience and contributing attributes.

Diversity on the board is a great step for any company, particularly if you can have people who know the business environment, who are more sensitive or better informed of the political landscape and the climate. It makes a lot of difference, instead of having just professional people, who keep you in line. So I'm all for it.

WHAT DIFFERENCE SPECIFICALLY DOES IT MAKE?

It gives you an opportunity to have more views [other than your own] when assessing the political landscape and the economic climate: looking at the trends a bit further out, and so forth. Those qualities are extremely valuable for a board. But I think if you are going to recruit a female member to the board, it's

“I’m hoping to find more people who have a view of their own instead of all being ‘yes men’ who will just agree with me. That would defeat the whole purpose of having a board. I might as well make all the decisions myself.”

not really because of her gender – it's because of who she is and what she could contribute to the board.

So, to me, proficiency and suitability are far more important than gender. It could be the other way. As far as I'm concerned, it could be all women on a board, if they are more suitable than other people. So, I wouldn't say I'm gender-blind, but I would say I am not one of those who are very sticky about having so many men and having so many women, and so forth. The number one priority is to have the right skills. Gender is important, but still second priority.

WHAT'S YOUR STRATEGY FOR FINDING CANDIDATES TO BUILD YOUR BOARD?

We rely a great deal on our own network and recommendations. We rely to some extent on search companies, but I'm all for knowing the board member rather than recruiting one through a search firm just for the sake of filling the post.

YOU ALSO MENTIONED THAT YOU USE SEARCH FIRMS. DO YOU GIVE THEM A BRIEF TO FIND WOMEN CANDIDATES IN YOUR SHORTLIST?

We do indicate that, all things equal, if we can get a female on the board we would prefer it because we do need one. We would like to have one, or even more. If we use a search firm, I think definitely that would be one of the criteria we would give them. But I don't think this will be the deciding factor.

In other words, we would not want them to look for only one gender. The goal is to have a very good board. And, hopefully, we would be able to find a diversified background – both in gender and also experience and contributing attributes.

“All things equal, if we can get a female on the board we would prefer it because we do need one. We would like to have one, or even more.”

HOW DO YOU DEAL WITH THE DIVERSITY OF VIEWS YOU GET FROM A MORE DIVERSE BOARD?

I'm hoping to find more people who have a view of their own instead of all being 'yes men' who will just agree with me. That would defeat the whole purpose of having a board. I might as well make all the decisions myself. So I don't think there is a danger of the chairman choosing only like-minded people or only people who would approve his views. That's probably the furthest from my consideration.

Like-minded is required if you want to be in sync in one go. But on the other hand, I don't need people who are there just for the sake of opposing.

DO YOU THINK THERE SHOULD BE QUOTAS TO HAVE WOMEN ON BOARDS IN SINGAPOREAN COMPANIES?

No. Having quotas defeats the purpose of having the right board. If your aim is just to fill quotas, you might be denying very qualified

people just because they happen to be the wrong gender.

WHAT WOULD YOU SAY TO CHAIRMEN WHO ARE STILL RELUCTANT TO CHANGE THEIR WAYS?

There are many women heads of corporations in the world today, à la PepsiCo [Indra Nooyi] and many others. They emerge, and when there is a woman that's qualified for the job, I think the business world has not shunned them. Maybe some companies have, but that is to their own disadvantage if they choose to be chauvinistic about gender. If there is a qualified woman and you don't choose her because of her gender, then you're just being stupid. Traditionally, there may be societies where they were a lot more chauvinistic than they should be, but I think that's a matter of the past. I don't think it applies today.

Q&A with Wong Su-Yen

Independent Director, Yoma Strategic Holdings Ltd



Ms Wong Su-Yen is a non-executive board member of Yoma Strategic Holdings Ltd, MediaCorp and NTUC First campus. She also serves as the Independent Non-Executive Chairman of Nera Telecommunications Ltd.

WHY IS IT SO IMPORTANT TO GET BOARD DIVERSITY RIGHT?

The practical issue is that boards are comprised of a limited number of seats which need to account for a variety of experiences and expertise in order to provide a holistic view of the business. Hence, what is required are individuals who ideally 'check several boxes' and can provide a perspective from multiple dimensions. For example, a board might seek candidates with knowledge of the Middle East, logistics, digital disruption and talent management. While all areas of expertise are unlikely to reside in the same individual, equally, a single factor – be it gender or otherwise – is likewise insufficient.

Boards and nominating committees thus need to consider the entire mix of skills and competencies required, and then bring the diversity of candidates to bear. Gender is but one element. Age, cultural background, tenure on the board and experience are all characteristics that should come into play.

HOW SHOULD CHAIRMEN START ON THIS JOURNEY, IF THEY HAVEN'T ALREADY?

The issue is that boards have all too often been formed on the basis of "Who do I know?" as a starting point. An alternative approach is to first ask "What do I need on the board?" and then "How do I fill those gaps?"

A good practice is to start with a competency and experience matrix. The board performance assessment and individual evaluation guidelines under the Code of Corporate Governance are highly relevant here. In addition, a key consideration is to look ahead to how the business may be evolving. What was important two years ago might be different from today or tomorrow. For example, the business might have a strong domestic orientation whereas a key priority moving forward might be to grow overseas. That would necessitate a different profile of experience on the board.

SHOULD THEY USE EXECUTIVE SEARCH FIRMS TO SEEK NEW DIRECTORS?

Executive search firms can play a valuable role in increasing the pool of potential candidates. I believe most boards that have undertaken a rigorous process with an executive search partner would have uncovered director candidates that go beyond the board's personal network.

IS PROGRESS ON GENDER DIVERSITY HAMPERED BY THE FACT THAT MANY DIRECTORS TEND TO STAY ON BOARDS FOR A LONG TIME?

There is merit to continuity and experience on the board. At the same time, there needs to be some degree of churn to ensure fresh perspectives, and also to ensure the board is equipped to meet the evolving needs of the organisation. If the majority of the board has been in place for a long time, that's an issue. On the other hand, if some directors have a longer tenure while others are newer to the board, that is likely to strike a balance between legacy and new approaches.

WHAT IS THE IMPACT OF LOW BOARD DIVERSITY ON GOVERNANCE GENERALLY AMONG SINGAPORE COMPANIES?

If we think of governance as the ability to adhere to rules and regulations – in other words, conformance – I feel we are pretty good at that. The question is how do we ensure that boards are equipped to challenge the status quo and drive performance holistically given the pace of change confronting us today? Given that context, how do you create a culture of asking ‘why’ and ‘what if’, in larger organisations and equally in smaller or family-based organisations? Diversity yields differing views and perspectives, and consequently enhances governance where it comes to performance.

The role of the chairman in setting the tone is really important too. A key indicator for me is whether the chairman speaks first or last. This tends to set the stage for whether or not directors feel free to put forth alternative views. An effective chairman needs to facilitate a culture of healthy debate, ensure a balance of perspectives, and avoid dominating the discussion.

ARE THERE ENOUGH WOMEN IN THE PIPELINE TO BE DIRECTORS?

This is an issue that needs to be addressed systemically. In the Singapore context, we have quite a large population of women who are highly educated yet do not remain in the workforce. I do not think this issue will simply take care of itself.

Companies need to put in place mechanisms to retain women in the workforce and enable them to progress to senior leadership roles. This requires thoughtful and deliberate action to address hiring, pay, promotion, development,

work-life and leadership practices that may not currently align with the realities of a gender-balanced workforce. There are no shortcuts here. This is the type of hard work it takes to build up more female CEOs and leaders in order to ensure a strong pipeline of director candidates.

Women on the other hand need to be willing to continue developing their careers, and subsequently prepare themselves for board roles. While life ‘at the top’ has its rewards, it is no bed of roses – regardless of profession, irrespective of gender. It can be lonely, the hours are long, and there are trade-offs to be made.

Which leads to the last factor in the equation – the importance of male champions at work and partners at home. A conversation about gender diversity conducted by and for the female population alone is bound to perpetuate the perception that these are women’s problems, not organisation or societal issues.

Similarly, if the caregiving role – be it for children or elderly parents – continues to fall mainly to women; if social supports that allow families to

function are not in place; and if social attitudes toward gender roles do not evolve towards a more egalitarian stance; we will continue to see a paucity of women in pinnacle roles and consequently at the board level.

SHOULD WOMEN BE MORE PROACTIVE IN BEING NOMINATED ON BOARDS?

I feel there are many misconceptions held by women (and men) around being nominated on boards. There is a commonly held view that someone is going to show up one day and call on them. My experience is that it does not really work that way. Rather, as with any career, prospective directors need to build up a portfolio of experiences and take a series of steps that move them in that direction.

At the other end of the spectrum, I have had numerous mentoring conversations with individuals who are dead set on being on a board, who say, “I want to be a director”, yet lack an understanding of what it takes. I therefore think there is a need for greater awareness of what makes somebody a compelling candidate for board roles.

“Every chairman knows that they didn’t start out being on a board with board experience. Everyone had to start somewhere.”

Q&A with Wong Su-Yen *continued*

To be an effective contributor on the board, most boards will seek a balance of knowledge and soft skills. This of course applies to management roles as well. The top engineer is not necessarily the best candidate to lead the engineering team. As an engineer, there is often a technical solution to a given issue, and domain expertise is paramount. But as one moves into leadership and management roles, knowledge per se is far from adequate.

When making the leap from a management role to the board, the ability to operate at 10,000 feet becomes even more important because now you are a step removed from the business. How then do you stay close to what's happening in the industry, the market and the organisation to be able to set direction? How do you synthesise the various data points to arrive at a point of view? How do you drive towards consensus? How can you contribute in a meaningful way? It's important to have the skill and will to manage those dynamics in order to be an effective contributor on the board.

Finally, I would highlight the importance of building a diverse personal network. Again, I find that misconceptions abound. Networking should never be about what you want or need, but about how you can build a relationship and potentially add value to the other person!

Boards and nominating committees do need to overcome the natural tendency to only approach people they know. However, let us not forget that trust and credibility are critical considerations in any board nomination process.

SHOULD MORE EFFORT BE MADE TO TRAIN DIRECTORS?

Absolutely. One can make the argument that the years of experience someone brings to a board are adequate preparation. In some cases that is certainly true, and the intent is not to minimise the significance of that experience. Yet, in many cases, women (and men) who have a notion that they might like to serve on boards really do not have a good sense of what that entails. Which is where additional preparation and training comes in.

Many people who come up through a typical corporate career path assume the natural progression is to go from management to board. Clearly, the experience one gains from a career in management is fundamental to contributing on a board. Yet the roles and requirements are different.

IN WHAT WAY?

In practice, it requires an understanding of corporate governance. For example, understanding listing rules, the Code of Corporate Governance, executive remuneration, shareholder relations and so on. It also requires a strong strategic orientation, and increasingly, a focus on transformation and organisation change.

For someone who hails from a functional background – be it finance, legal, HR, or digital – depth in that specific area of expertise needs to be complemented with an understanding of the broader industry and business context.

For someone who comes from a multinational company background, it is important to appreciate that

most multinationals operate via a management structure. So even if you sit on the board of a subsidiary company, that experience often bears little resemblance to being on the board of a listed entity.

I would also make the point that both the 'what' as well as 'how' are critical. It is important to seek guidance and coaching on the soft skills required to be an effective director. Personally I have learned and continue to seek advice from directors and chairmen who have come before me. I now find myself supporting and enabling others who want to embark on a similar journey.

IT REALLY SOUNDS LIKE BEING A BOARD DIRECTOR IS NOT AN EXTENSION OF YOUR CAREER, BUT AN ENTIRELY NEW ONE.

I tend to think of it as a profession unto itself. I recommend people who are interested in serving on boards to start with a non-profit board for a cause they care about, and investing time in professional development. This will provide a foundational understanding of governance and from there, slowly but surely start building a network. Every chairman knows he or she didn't start out with board experience. We all have to start somewhere.

Q&A with Sumitri Menon

Chairman, Micro-Mechanics (Holdings) Ltd



Ms Sumitri Menon is the Independent Non-Executive Chairman of Micro-Mechanics (Holdings) Ltd.

DO YOU SEE PARALLELS BETWEEN THE LACK OF GENDER DIVERSITY ON BOARDS OF LISTED COMPANIES AND THOSE IN THE LEGAL PROFESSION?

When I first entered the legal profession all the judges were men. But there are a vast number of suitable and qualified women out there and it wasn't difficult to find them once we decided we wanted more women judges. I think it's the same with boards.

The solution may be dialogue and awareness. But I am beginning to think it might be necessary to prescribe for it. Many people argue against quotas, saying they bring tokenism – that a woman is appointed simply because we need to have a woman. But I don't think that is going to happen, because there are many qualified women and if you are forced to take a woman on your board, you will find the best qualified women.

“Many people argue against quotas, saying they bring tokenism – that a woman is appointed simply because we need to have a woman. But I don't think that is going to happen, because there are many qualified women and if you are forced to take a woman on your board, you will find the best qualified women.”

Q&A with Sumitri Menon *continued*

IT SOUNDS LIKE YOU HESITATE TO RECOMMEND QUOTAS.

Yes, because it's not really a good thing to be dictating to boards. These are private matters, and companies need to be autonomous when doing these things. But I think if you don't force a little bit of change, it's not going to happen.

DO YOU THINK COMPANY BOARDS THAT ARE NOT DIVERSE ARE AUTOMATICALLY LESS WELL RUN?

Every company board wants to be well run. No one will say they don't want top of the line governance and transparency. No, I don't think a board that is not gender diverse is automatically less well run. However, many women would qualify and come to the attention of a nominating committee that sets out to identify and appoint the possible members for its board. There are so many qualified and capable women in Singapore and elsewhere. The indication therefore is that the processes of a board which is not gender diverse are not rigorous or are flawed and it may not be functioning optimally.

WHAT IS YOUR REACTION WHEN BOARDS THAT SAY 'WE ARE ALL MALE, BUT THEY ARE THE BEST PEOPLE FOR THE JOB'?

My questions to them would be "how many women did you interview before you decided that this person was better than that person? Did you shortlist only men? And why did this happen?"

AND TO BOARDS THAT SAY 'WE DON'T NEED FEMALE DIRECTORS BECAUSE WE HAVE SENIOR FEMALE EXECUTIVES'?

People who say that do not understand the difference in the roles the board and management play.

AND TO BOARDS THAT SAY THEY ARE LOOKING FOR THE BEST CANDIDATES, BUT DON'T FIND ANY WOMEN?

They have limited themselves. The thing is, though, I don't think anybody does that deliberately. We all like to think of ourselves as having enlightened self-interest and no biases. But research has shown that we all bring our biases to decision-making, and I think that's what actually happens.

I don't understand why, if people are looking for the best person for the board, there are not many women. There is a missing link between what people want to do and what is actually happening.

Something is happening that we are not quite clear about, but I assume it's the biases that people bring to that decision about who to recruit for the board.

WHAT ELSE IS GETTING IN THE WAY?

I don't think many boards have accepted that gender diversity makes a big difference to value creation and decision-making. Most boards that have all men probably don't see that their decision-making may be flawed or may not be the best it could be. Understanding this requires you to say we could be doing a lot better – and most boards think they're doing perfectly fine now.

IS A LACK OF GENDER DIVERSITY INHERENT IN ASIAN CULTURE?

I hesitate to say it's our culture. Women have reached very high positions in almost all other regards. They are at ministerial level, they are running companies, and they are doing all kinds of things now.

WHAT IF SINGAPORE BOARDS KEEP GOING THE WAY THEY ARE?

It would be a pity because a lot of talent would be wasted or not fully utilised. We won't know how much better we could be. A lack of women on boards indicates that we haven't achieved the best standards. There is something lacking in the processes and decision-making.

MICRO-MECHANICS' FOUNDER CHRISTOPHER BORCH WAS ORIGINALLY FROM THE UNITED STATES. TO WHAT EXTENT DOES HIS CULTURAL BACKGROUND INFLUENCE YOUR THINKING?

He is a key voice on the board. I think there has been a greater tolerance for open debate and this is positive for our board. There hasn't been any pressure to defer to him just because he is a founder. He hasn't brought this kind of culture to the board.

“It’s shocking. It’s an embarrassment. It’s quite challenging that we want to hold ourselves up as a financial centre and yet on gender diversity we are so far behind our neighbours. For me, it’s a black eye, not a black mark. It’s something that needs to be addressed.”

Simon Israel, Chairman, Singtel



SPEAKING WITH THE BOARDS

A supplement to “Women on Boards: Tackling the Issue”

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