



Nov 14, 2016 06:01 +08

Building trust through board diversity disclosures

<i>Date</i>	14 November 2016
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Singapore, 14 November 2016 – In a new era of disruption, organisations must embrace all aspects of diversity to remain competitive and adapt to market forces. Board diversity can be a driver of long-term value of a company, improving governance and group decision-making. A new guide by PwC, “*Board diversity disclosures in Singapore – A good practice guide*”, aims to help companies understand the importance of Board diversity disclosures and raise the level of best practice implementation in Singapore.

Some areas companies can consider when choosing to disclose Board director nomination processes include diversity objectives, the company’s diversity policy, diversity targets and diversity composition.

For example, when disclosing diversity composition, companies may choose to use a matrix to show where the skills of their directors match key nomination considerations. Numerical data and percentages would also be useful in understanding the composition of the Board and diversity of the organisation.

The Diversity Action Committee found that as at June 2016 representation of women on Boards in Singapore stood at only at 9.7 percent lagging behind other key markets such as UK, China and even Indonesia. The drive for higher female representation on Boards is not new, but increasing of concern. In a 2015 survey by the Singapore Institute of Directors (“SID”), only 14% of respondents indicated that their Boards had policies to encourage more female representation.

“It is no longer enough for organisations to only report financial figures. Investors, regulators and other stakeholders increasingly want to see that companies have the right resources to achieve their strategic objectives. Engaging in topics that extend beyond financial results such as sustainability reporting and disclosing board nomination processes will build trust with relevant stakeholders,” said Yeoh Oon Jin, Executive Chairman, PwC Singapore.

Not only are Board disclosures important for business performance, but it also gives companies a competitive advantage in attracting and retaining talent. In an earlier PwC study, “The female millennial – A new era of talent, nine in 10 female millennials in Singapore reflected that an employer’s policy

on diversity, equality and workforce inclusion was important. As female millennials become a larger part of the workforce, the company will be better placed to attract the right talent.

“Globally, Boards today are facing increased scrutiny about who exactly is sitting in the boardroom. Although shareholder activism is not as prominent in Singapore, companies cannot ignore the view of shareholders on the issue of Board diversity. This is especially so for companies with an international investor base,” said Karen Loon, Diversity Leader, PwC Singapore.

Further, what gets measured gets done. Karen Loon, Diversity Leader, PwC Singapore concludes, “Disclosing a company’s diversity policy (including gender), self-set measurable objectives, and progress made in achieving these objectives increases transparency and accountability for board diversity, encouraging companies to adopt a disciplined approach to diversifying their boards”.

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Notes to Editor:

About the report

The guide ‘**Board Diversity Disclosures in Singapore – A good practice guide**’ suggests why board diversity disclosures are important, reviews disclosure requirements in Asia Pacific markets and highlights best practices. The guide also includes case studies from Singapore and globally to illustrate examples of board diversity disclosures.

Methodology

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

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