

# BOARD MONITOR ASIA PACIFIC

For the first time, Heidrick & Struggles expands our annual analysis of incoming board directors to the Asia Pacific region, tracking industry experience and diversity in gender and nationality, among other findings, in Australia, Hong Kong, New Zealand, and Singapore.



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# INCOMING BOARD DIRECTORS

Leading companies in Australia, Hong Kong, New Zealand, and Singapore filled 263 vacant board seats with non-executive directors in 2017.

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Companies listed on Australia's ASX 200 filled a total of 135 seats. The 50 companies that constitute Hong Kong's Hang Seng Index (HSI) appointed a total of 54 new directors. In New Zealand, NZX 50 companies appointed a total of 33 new directors, while the 30 Singaporean companies listed on the Straits Times Index (STI) filled a total of 41 seats.

These newly appointed directors will be joining their boards at a time of considerable change globally and in the region. At the same time, boards will face the perennial issues of good corporate governance, regulatory compliance, digital disruption, cybersecurity, CEO succession planning, and corporate social responsibility. And they must continually ensure that their boards are composed of members who together constitute the right mix of competencies to address near-term concerns without losing sight of long-term strategy.<sup>1</sup>

To track the evolution of these boards, Heidrick & Struggles has here inaugurated *Board Monitor Asia Pacific*. This projected series of annual reports is designed to provide profiles of incoming non-executive directors among the leading companies in Australia, Hong Kong, New Zealand, and Singapore; monitor changes in those profiles in the coming years; and analyze trends as they emerge. Why these four? They are all vital economic hubs, and the boards of their leading companies are structured like the models that emphasize shareholder interests and the importance of non-executive directors, providing a standard of comparison with the good governance principles around which leading global companies are converging. *Board Monitor Asia Pacific* joins Heidrick & Struggles' *Board Monitor*, which tracks the evolution of Fortune 500 boards, and *Board Monitor Europe*, which tracks board evolution in the three largest European countries by GDP—France, Germany, and the United Kingdom.

In tracking the movement of these directors to their new boards, we took into account all of their substantial industry experiences.<sup>2</sup> (For example, a director who has worked most recently in the consumer industry may also have had valuable experience in the industrial sector or in technology.) And we calculated the overall percentages of those experiences, producing a more comprehensive view of the skills that newly appointed non-executive directors in each geography brought to the boards they joined.

<sup>1</sup> To see where these four geographies (and China and India) stood on critical issues of corporate governance five years ago, see Heidrick & Struggles, *Foundations and Building Blocks for High-Performing Boards: Asia Pacific Corporate Governance Report 2014*, June 16, 2014, [heidrick.com](http://heidrick.com).

<sup>2</sup> "Substantial industry experience" is defined as the individual having worked at a company within an industry either for five years or at a vice president level or higher for any amount of time.



# 56%

of new board seats went to former or current CEOs

# 31%

of new board seats went to women

## Key findings for these four geographies overall include the following:

- Of the 263 new non-executive directors on the boards of ASX 200, HSI, NZX 50, and STI companies, 149, or 56%, went to current or former CEOs.
- Of those 263 seats, 83, or 31%, went to women.
- The average age of new appointees was 56, down from 57 in 2016.
- Some 206, or 78%, of new appointees have previous board experience.
- Almost half of all new appointees have had international experience.
- Some 85, or 32%, of the 263 new seats went to non-national appointees.

## Key comparative findings include the following:

- Australia, at 39%, had the highest percentage of appointments that went to women, followed by New Zealand, at 27%; Singapore, at 24%; and Hong Kong, at 20%.
- The average age of new appointees varied by geography, from a low of 55 in New Zealand to 56 in Australia, 57 in Hong Kong, and 58 in Singapore.
- Some 61% of new appointees in New Zealand had international experience, followed by Australia, at 52%; Hong Kong, at 43%; and Singapore, at 39%.
- The percentage of non-national appointees varied from 36% in Australia to 30% in Hong Kong and New Zealand and 29% in Singapore.
- In all four geographies, the large majority of appointees had previous public board experience: Australia, 82%; Hong Kong, 61%; New Zealand, 79%; and Singapore, 88%.
- The largest share of new appointees in Singapore (66%), New Zealand (49%), and Australia (44%) joined boards in the industrial sector. In Hong Kong, the largest share (54%) joined boards in the financial services sector.

## About Board Monitor

Produced by Heidrick & Struggles' CEO & Board Practice, *Board Monitor Asia Pacific* tracks and analyzes trends in non-executive director appointments to the boards of companies listed on the ASX 200, Hang Seng Index (HSI), NZX 50, and Straits Times Index (STI). Data on appointments are tracked through BoardEx, proxy filings, and corporate websites. Information about executives is gathered from publicly available sources, BoardEx, and a Heidrick & Struggles proprietary database.

# OVERALL SNAPSHOT OF 2017 FINDINGS

Australia, Hong Kong, New Zealand, and Singapore

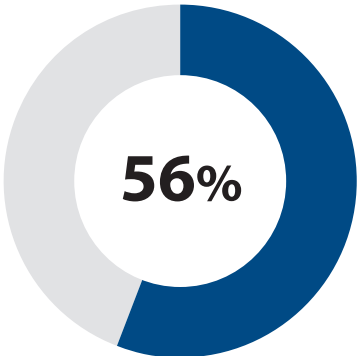
**263**

New director seats filled

**56**

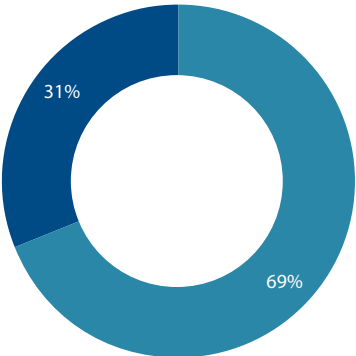
Average age

**Current and former CEOs**

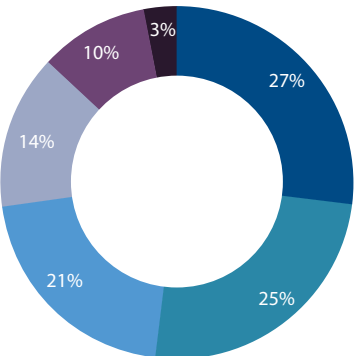


**Gender**

■ Men  
■ Women



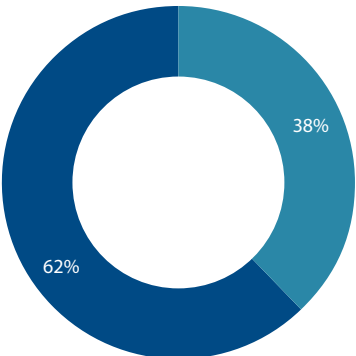
**Distribution of directors' total career experiences by industry (n = 358)**



■ Industrial  
■ Financial services  
■ Consumer  
■ Technology  
■ Life sciences  
■ Business services

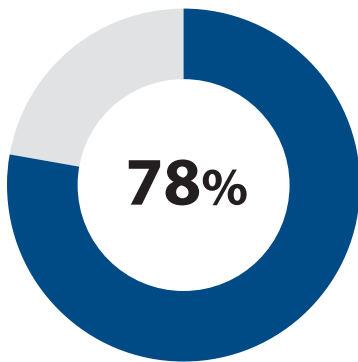
**Active or former executive**

■ Active executives  
■ Former executives

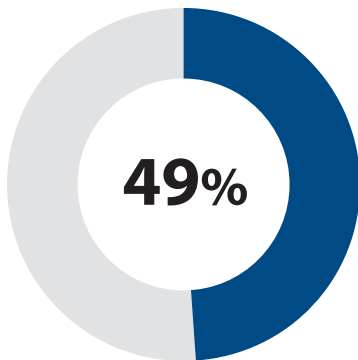




**Previously served on a board**

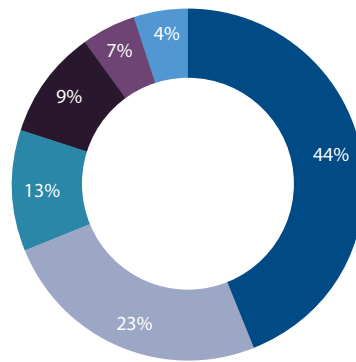


**International experience**

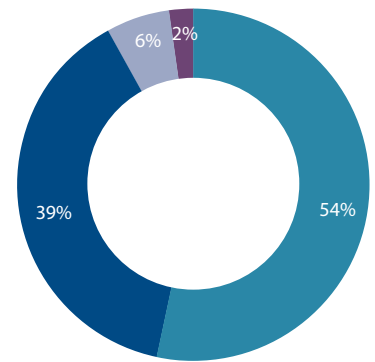


**Distribution of new directors by industry (n = 263)**

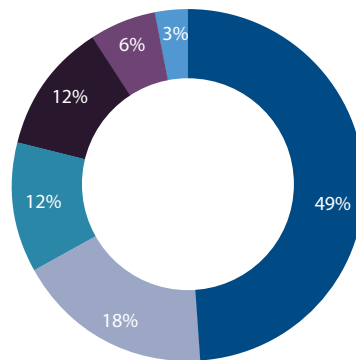
Australia (n = 135)



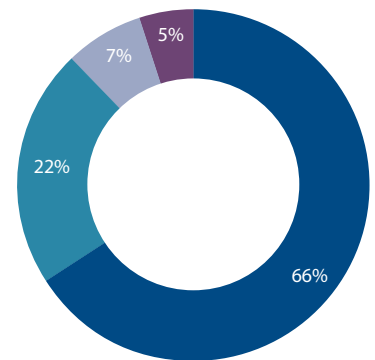
Hong Kong (n = 54)



New Zealand (n = 33)



Singapore (n = 41)



- Industrial
- Financial services
- Consumer
- Technology
- Life sciences
- Business services

Note: Numbers may not sum to 100%, because of rounding. Not all industries are represented in every region.

# DIVERSITY

## Diversity by gender

Australia, at 39%, had the highest percentage of appointments that went to women, followed by New Zealand, at 27%; Singapore, at 24%; and Hong Kong, at 20% (Figure 1). By way of comparison, the share of new seats that went to women in the United States in 2017 was 38%.<sup>3</sup> And in the three biggest countries by GDP in Europe—the United Kingdom, France, and Germany—the figures were 34%, 54%, and 61%, respectively, in 2016.<sup>4</sup>

In none of the four geographies is there a government quota or a stock exchange mandate for female representation on boards. However, there are varying degrees of pressure toward gender diversity on boards:

- In Australia, the Australian Institute of Company Directors (AICD) has set a goal of 30% female representation on each of the ASX 200 boards by the end of 2018. As of August 2018, 83 of the ASX 200 boards had met or exceeded the goal, while 3 companies had no female board members, 24 companies needed two or more female directors to meet the goal, and 90 companies needed one more.<sup>5</sup> In terms of the overall proportion of female directors

on ASX 200 boards, the figure stood at 26.7% at the end of 2017, only slightly higher than the 25% attained in 2016 and significantly higher than the 8.3% recorded in 2009.<sup>6</sup>

- In Hong Kong, the 30% Club Hong Kong, the local chapter of a global voluntary association of businesspeople that works to increase female board representation without government quotas, has set an interim target of 20% female representation on Hong Kong boards by 2020 and a target of no all-male boards by 2018. As of late 2017, the proportion of board seats on HSI boards occupied by women had risen to 13.3%, from 11.1% in 2016, and the number of all-male boards was down to 10, from 12 in 2016.<sup>7</sup>
- In New Zealand, gender diversity is being actively championed in the private sector by many organizations, including the Institute of Directors in New Zealand, the New Zealand Shareholders Association, Global Women, and the NZX. The Institute of Directors urges listed boards to achieve 30–50% female representation and reported that only 17% of board members were women in 2016, unchanged from 2015.<sup>8</sup>

- In Singapore, the Diversity Action Committee (DAC), an 18-member committee of corporate leaders from various sectors, has set a triple-tier target of 20% female representation by 2020, 25% by 2025, and 30% by 2030 for listed companies on the Singapore Exchange companies (the top 30 of which comprise the STI).<sup>9</sup> Among the top 100 listed companies, women made up 13.1% of directors in 2017, up from 10.9% in 2016.<sup>10</sup>

# 31%

Average proportion of new director seats filled by women

<sup>3</sup> Heidrick & Struggles, *The Heidrick & Struggles Board Monitor: Appointments of Women to Boards Hit Record High*, July 19, 2018, [heidrick.com](http://heidrick.com).

<sup>4</sup> Heidrick & Struggles, *The Heidrick & Struggles Board Monitor Europe*, April 25, 2018, [heidrick.com](http://heidrick.com).

<sup>5</sup> Australian Institute of Company Directors, *30% by 2018: Gender Diversity Progress Report*, September 7, 2018, [aicd.companymonitor.com.au](http://aicd.companymonitor.com.au).

<sup>6</sup> David Marin-Guzman, "AICD takes on gender equity 'tokenism' on boards," *Financial Review* (Australia), March 6, 2018, [afr.com](http://afr.com).

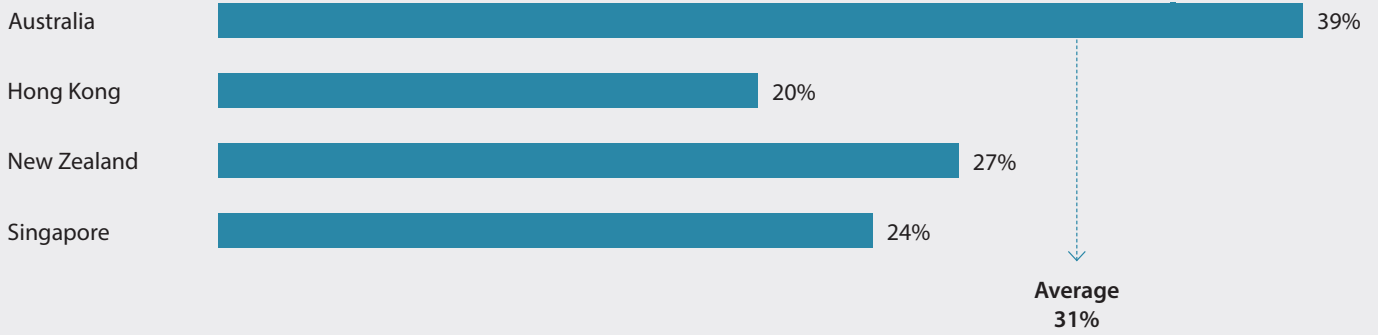
<sup>7</sup> 30% Club Hong Kong, "30% Club HK announces progress in interim goals," September 28, 2017, [30percentclub.org](http://30percentclub.org).

<sup>8</sup> Divina Paredes, "Institute of Directors urges boards to get on board with diversity," *CIO New Zealand*, January 16, 2017, [cio.co.nz](http://cio.co.nz).

<sup>9</sup> Diversity Action Committee, "Diversity Action Committee: What we do," [diversityaction.sg](http://diversityaction.sg).

<sup>10</sup> Rachel Mui, "Higher proportion of women on boards of listed firms in Singapore," *The Straits Times*, February 14, 2018, [straitstimes.com](http://straitstimes.com).

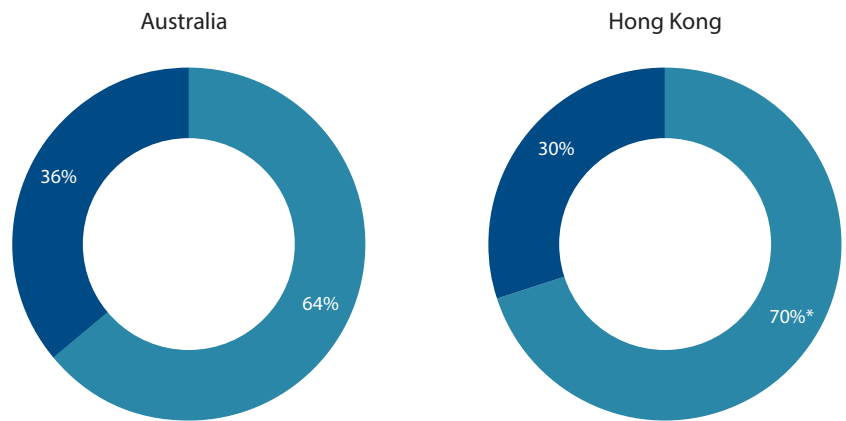
Figure 1. Proportion of new director seats filled by women in 2017, by geography



### Diversity by nationality

Some 36% of new non-executive board members at Australia's ASX 200 companies were non-nationals, while the figure for both Hong Kong's HSI companies and New Zealand's NZX 50 was 30%, followed by Singapore's STI companies, at 29% (Figure 2).

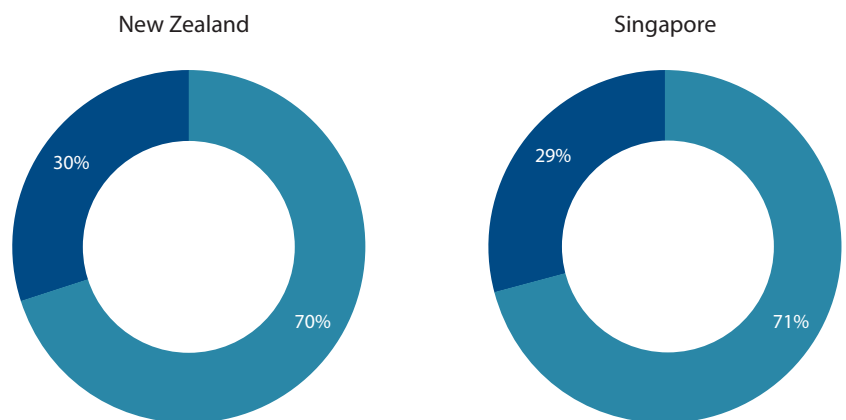
Figure 2. Proportion of national vs. non-national new directors



\*52% of nationals are Mainland Chinese and 18% are Hong Kong Chinese.

# 36%

of new non-executive board members at Australia's ASX 200 companies were non-nationals



■ National ■ Non-national



# AUSTRALIA

In Australia in 2017, the 135 new director seats filled by ASX 200 companies represent a sharp drop from the 197 new appointments in 2016.

The average age of these new non-executive appointees was 56—versus 55 for New Zealand, 57 for Hong Kong, and 58 for Singapore. Some 39% of new appointments to ASX 200 boards in 2017 went to women, roughly equal to the 41% that went to women in 2016.

Current or former CEOs assumed 56% of new seats, notably lower than the percentage for New Zealand, at 67%, and for Singapore, at 63%, but notably higher than that for Hong Kong, at 46%.

Australia also recorded the second-highest figure for the proportion of seats filled by appointees with previous board experience—some 82% versus 88% for Singapore, 79% for New Zealand, and 61% for Hong Kong. Australia's industrial sector appointed the largest proportion of new, non-executive directors, at 44%, followed by the consumer sector, at almost 23%.

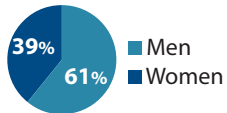
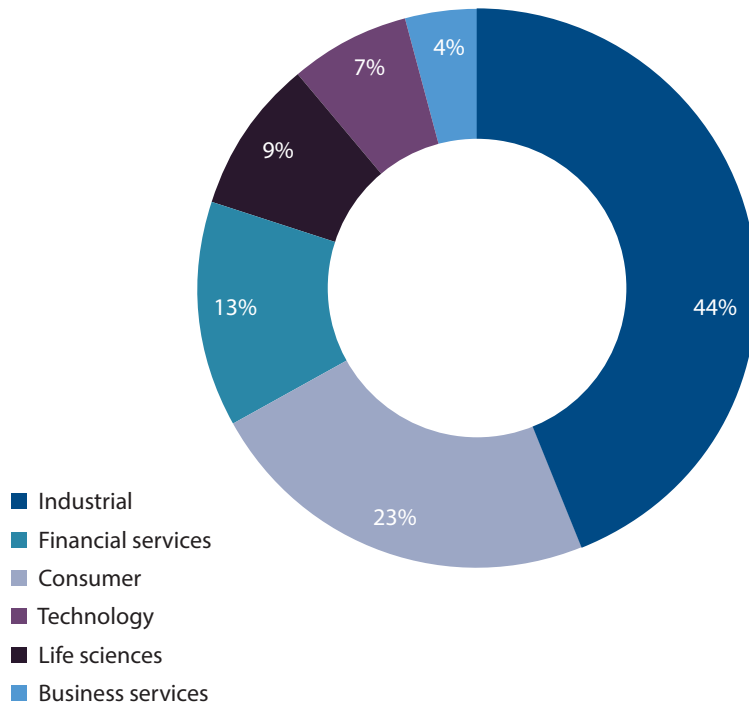
# 135

New director seats filled

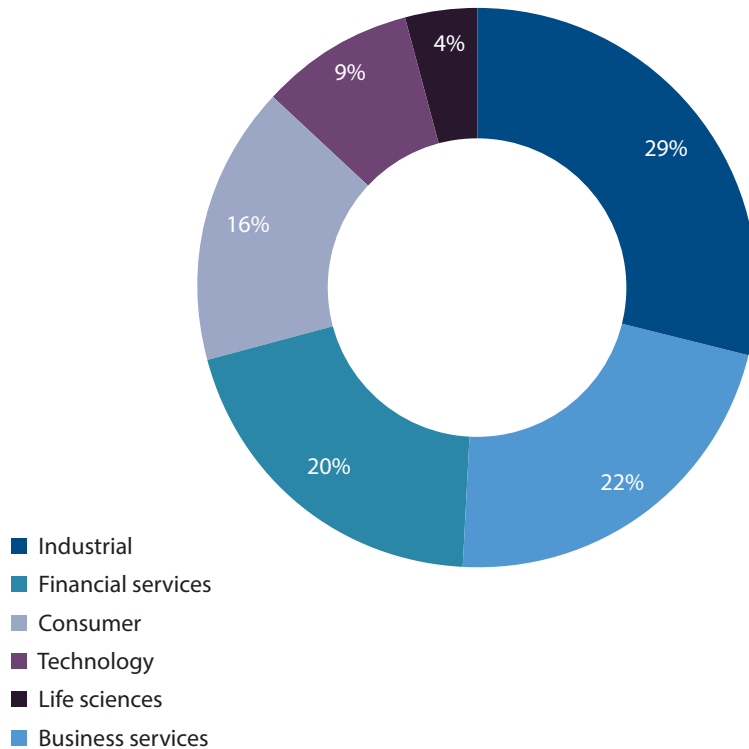
# 56

Average age

Distribution of new directors by industry (n = 135)



Distribution of directors' total career experiences by industry (n = 184)



## Experience



## Appointment of women directors in Australia by industry

Some 43% of all female non-executive director appointments to ASX 200 companies in 2017 were made by industrial boards, followed by consumer boards, at 25% (Figure 3).

In terms of appointments industry by industry, women assumed nearly 56% of new seats in the technology sector and 50% in the life sciences sector (Figure 4).

Figure 3. Distribution of female appointments to ASX 200 boards in 2017, by industry (n = 53)

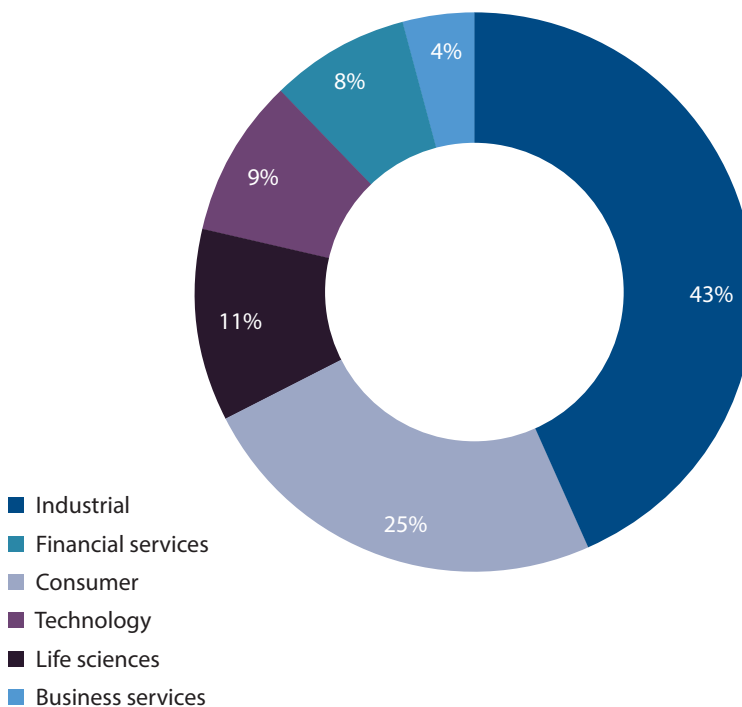
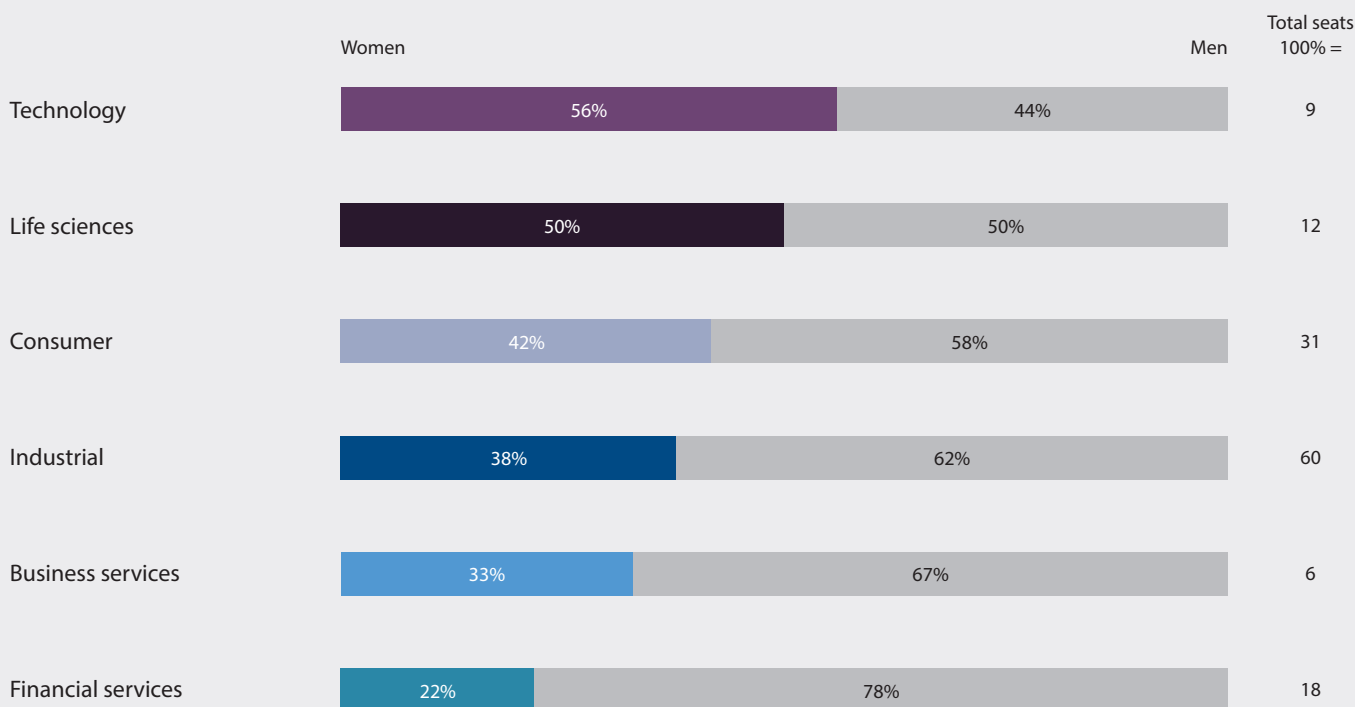


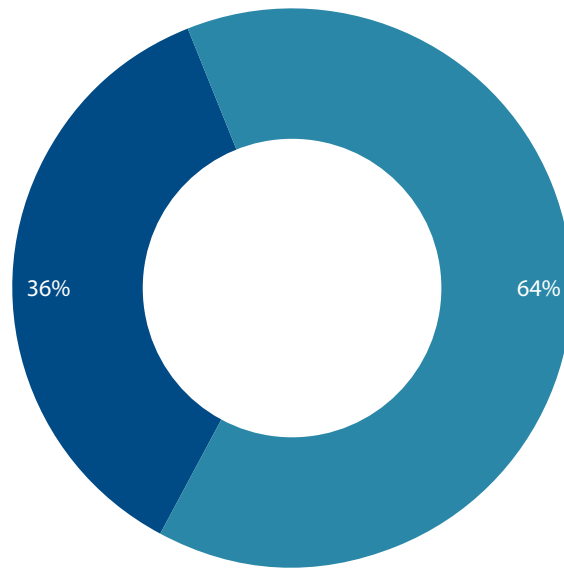
Figure 4. Proportion of new ASX 200 board seats in each industry by gender, in 2017



## Appointments in Australia by nationality

Some 36% of new non-executive board members at ASX 200 companies were non-nationals, up from 30% in 2016 (Figure 5). Of the non-national appointees in 2017, 35% were American, 24% British, and 14% Zealanders (Figure 6). Overall, 94% of the new appointees to Australian boards are from predominantly English-speaking countries. Only six Asian nationals were appointed to Australian boards, although three of the country's top four trading partners are China, Japan, and South Korea.

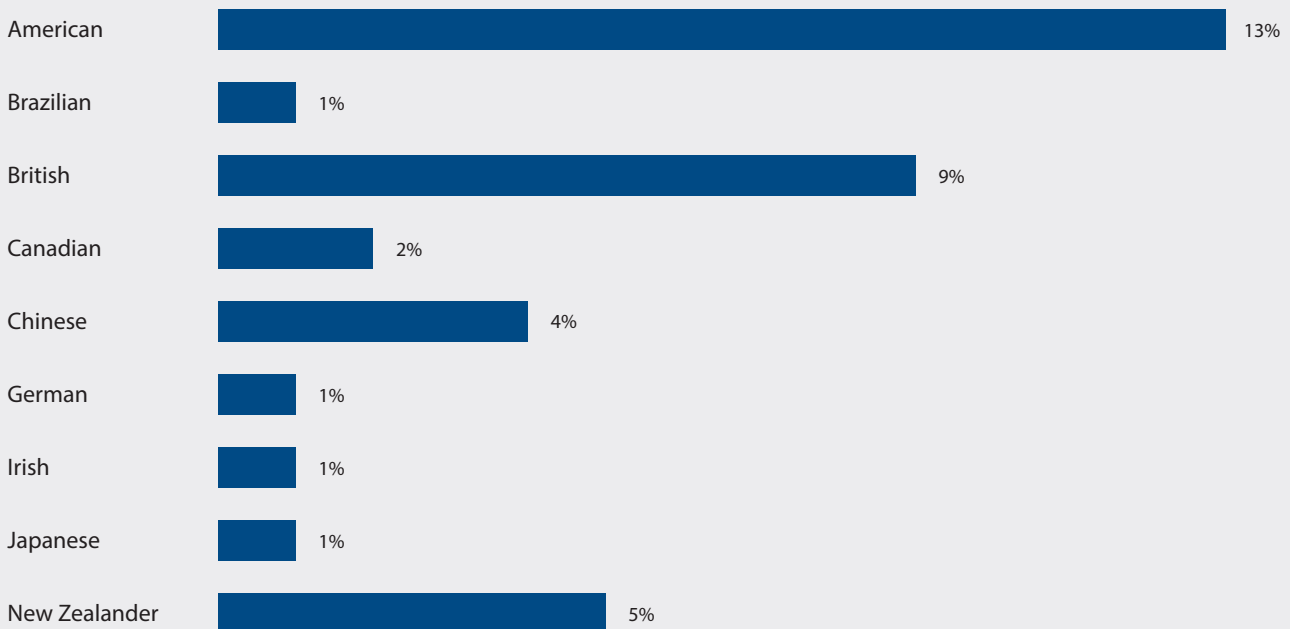
Figure 5. Proportion of national vs. non-national appointments to ASX 200 boards in 2017, by geography



■ Australian  
■ Non-national

Figure 6. Proportion of non-national appointments to ASX 200 boards in 2017, by geography

Non-national appointments = 36% of total appointments



Note: Numbers may not sum to total, because of rounding.



# HONG KONG

In Hong Kong in 2017, a total of 54 new appointments were made to boards of companies listed on the Hang Seng Index (HSI), up from 45 such appointments in 2016.

The average age of new non-executive directors dropped from 58 in 2016 to 57 in 2017—versus 55 for New Zealand, 56 for Australia, and 58 for Singapore.

Of the 54 seats filled by HSI companies, 46% went to current or former CEOs, notably lower than the percentage for New Zealand, at 67%; Singapore, at 63%; and Australia, at 56%.

Hong Kong recorded the lowest figure for the proportion of seats filled by appointees with previous board experience—some 61% versus 88% for Singapore, 82% for Australia, and 79% for New Zealand. The financial services sector appointed the largest proportion of new non-executive directors, at almost 54%, followed by the industrial sector, at almost 39%.



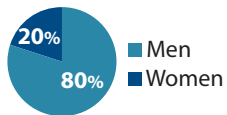
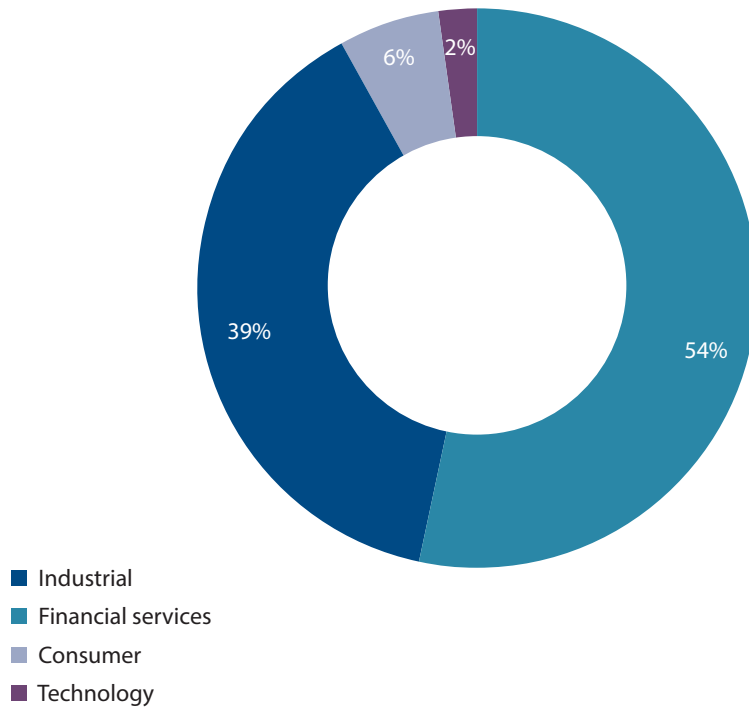
# 54

New director seats filled

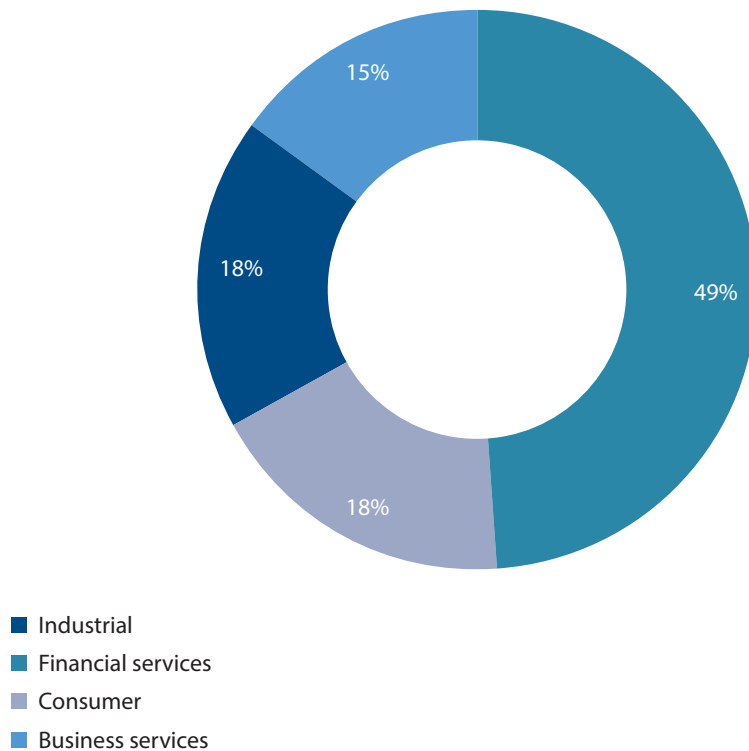
# 57

Average age

Distribution of new directors by industry (n = 54)



Distribution of directors' total career experiences by industry (n = 55)



## Experience



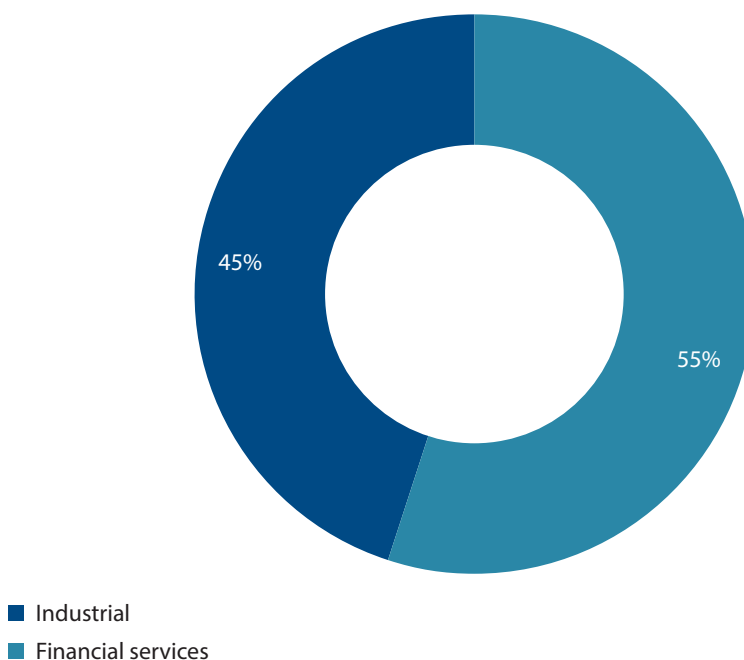
Note: Numbers may not sum to 100%, because of rounding. Not all industries are represented in every category.

## Appointment of women directors in Hong Kong by industry

Just two sectors accounted for all 11 appointments of women to HSI company boards in 2017. Financial services boards accounted for 6, or 55%, of such appointments, and industrial boards accounted for 5, or 45% (Figure 7).

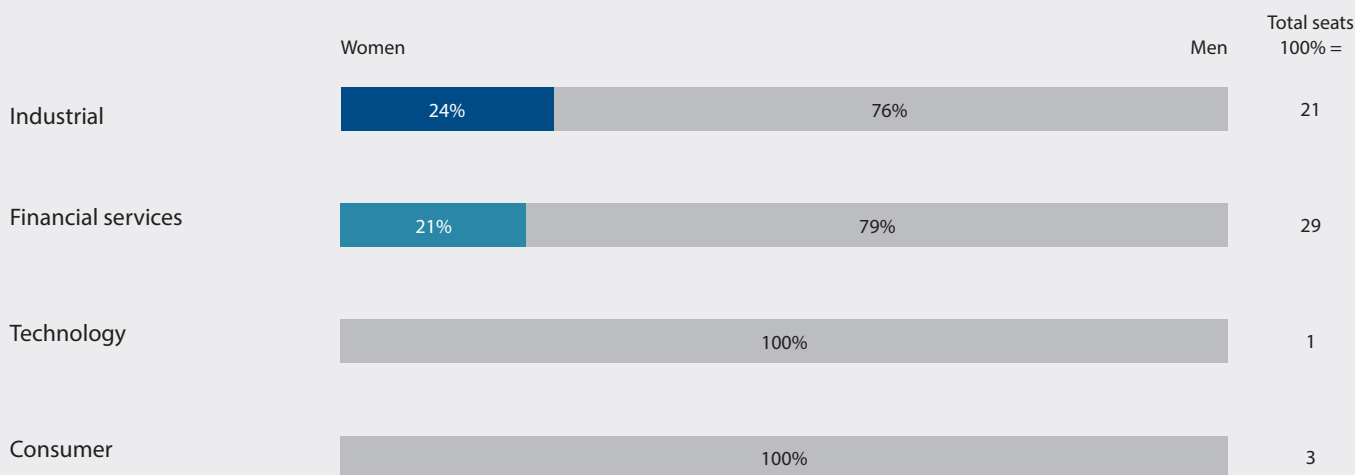
In terms of appointments industry by industry, women assumed 24% of the new seats in the industrial sector and 21% in financial services (Figure 8).

Figure 7. Distribution of female appointments to HSI boards in 2017, by industry (n = 11)



Note: No women were appointed to boards in the consumer, technology, life sciences, or business services industries.

Figure 8. Proportion of new HSI board seats in each industry by gender, in 2017

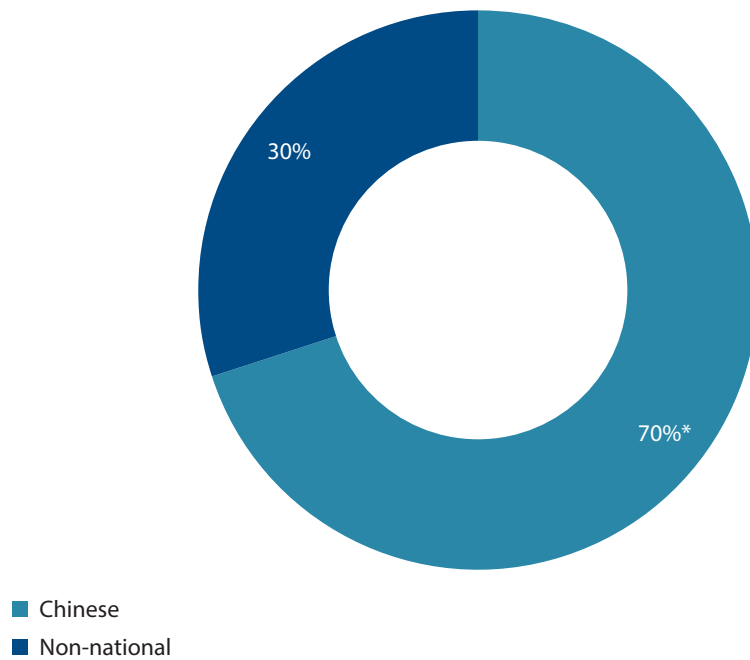


Note: No new HSI board seats were filled in the life sciences and business services industries.

## Appointments in Hong Kong by nationality

Some 30% of new non-executive board members at HSI companies were non-nationals (Figure 9), with most of those coming from Canada, the United Kingdom, and the United States (Figure 10).

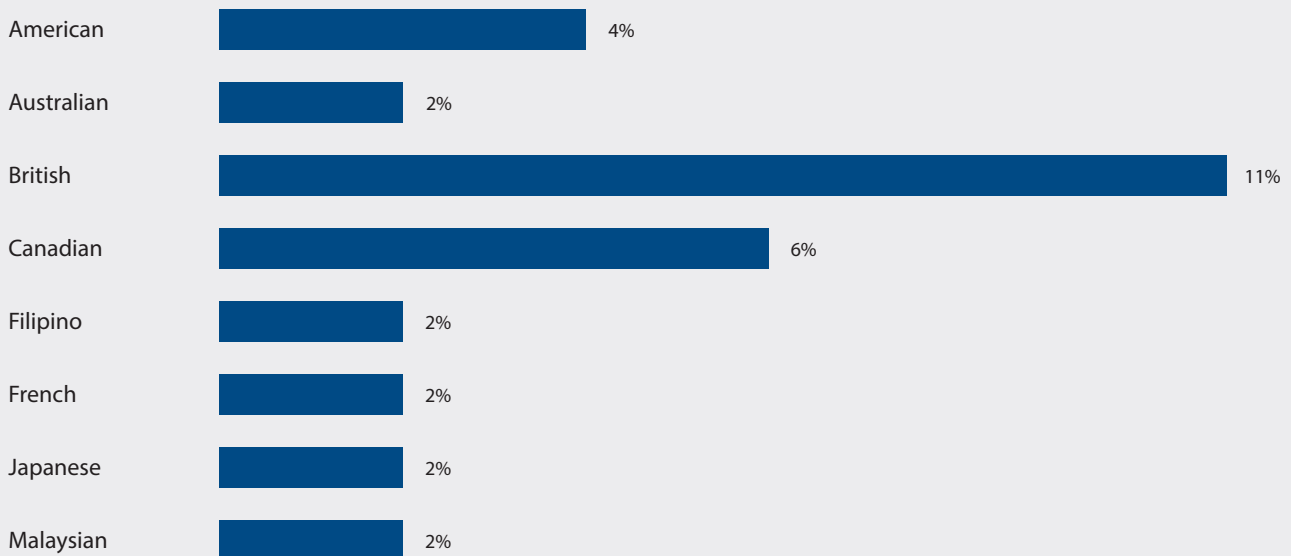
Figure 9. Proportion of national vs. non-national appointments to HSI boards in 2017, by geography



\*52% of nationals are Mainland Chinese and 18% are Hong Kong Chinese.

Figure 10. Proportion of non-national appointments to HSI boards in 2017, by geography

Non-national appointments = 30% of total appointments



Note: Numbers may not sum to total, because of rounding.



# NEW ZEALAND

In New Zealand in 2017, a total of 33 new appointments were made to boards of companies listed on the NZX 50, up 1 from 2016.

The average age of these new non-executive appointees was the lowest of the four geographies—55—versus 56 for Australia, 57 for Hong Kong, and 58 for Singapore.

Of the 33 seats filled in New Zealand, 67% went to current or former CEOs, higher than the percentage for Singapore, at 63%, and Australia, at 56%, and notably higher than that for Hong Kong, at 46%.

The proportion of seats filled in New Zealand by appointees with previous board experience rose from 66% in 2016 to 79% in 2017—versus 88% for Singapore, 82% for Australia, and 61% for Hong Kong. The industrial sector appointed the largest proportion of new, non-executive directors, at 49%, followed by the consumer sector, at 18%.

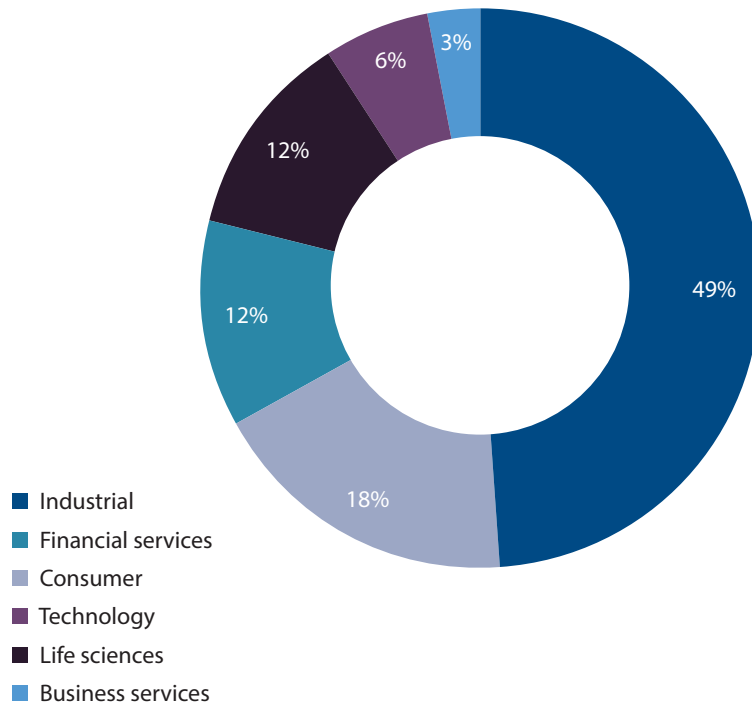
# 33

New director seats filled

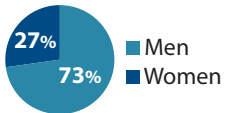
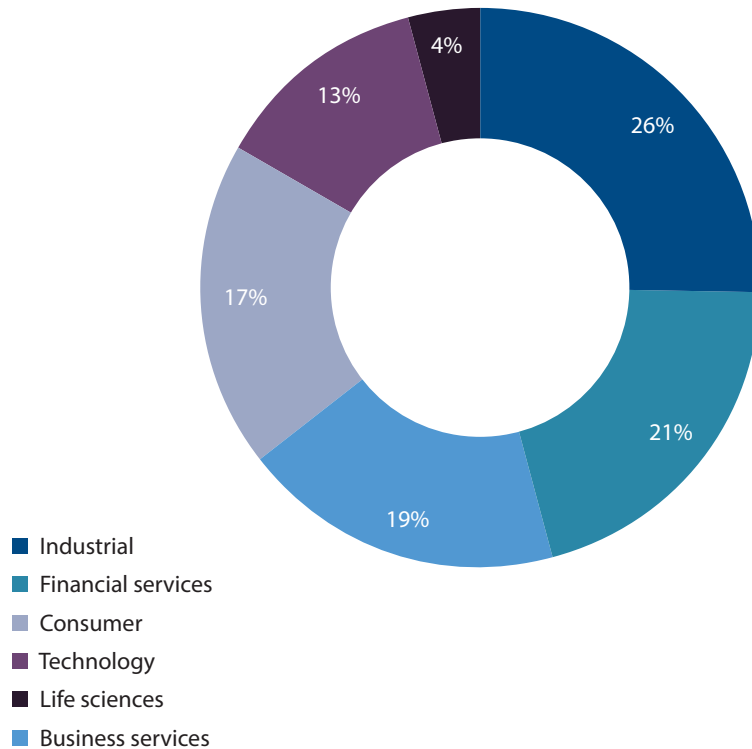
# 55

Average age

Distribution of new directors by industry (n = 33)



Distribution of directors' total career experiences by industry (n = 47)



## Experience

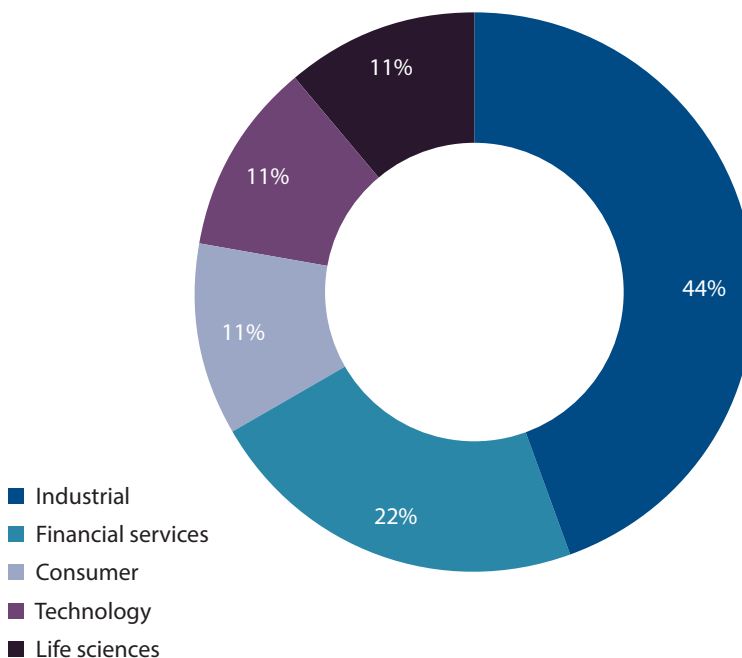


## Appointment of women directors in New Zealand by industry

The industrial sector accounted for 4, or 44%, of the 9 total appointments of women to NZX 50 boards in 2017 (Figure 11).

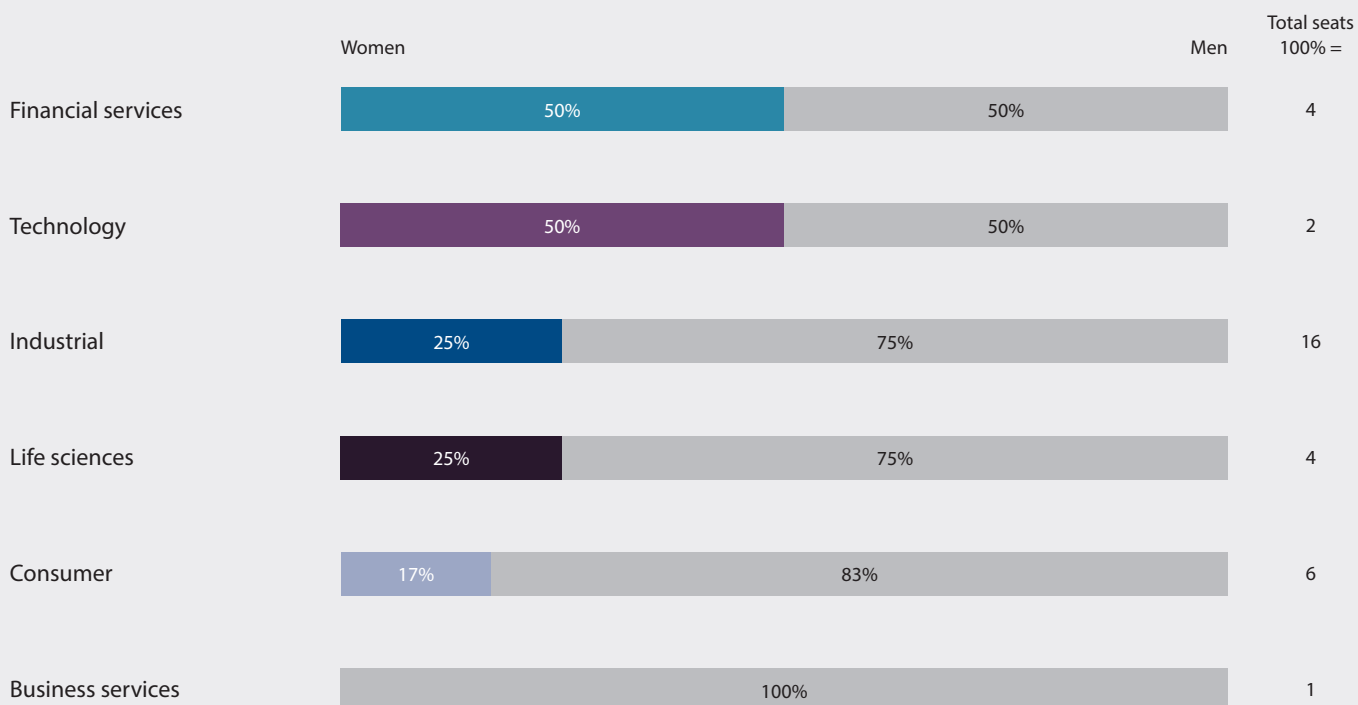
In terms of appointments industry by industry, women assumed 50% of the new seats in the financial services sector, 50% in the technology sector, 25% in the industrial sector, and 25% in the life sciences sector (Figure 12).

Figure 11. Distribution of female appointments to NZX 50 boards in 2017, by industry (n = 9)



Note: Numbers may not sum to 100%, because of rounding. No women were appointed to boards in the business services industry.

Figure 12. Proportion of new NZX 50 board seats in each industry by gender, in 2017



## Appointments in New Zealand by nationality

Some 30% of new non-executive board members at NZX 50 companies were non-nationals (Figure 13), with half of those coming from Australia and 40% from the United Kingdom (Figure 14). Only one Chinese national was among the non-national new appointees, though China vies yearly with Australia for the top spot among New Zealand's trading partners.

Figure 13. Proportion of national vs. non-national appointments to NZX 50 boards in 2017, by geography

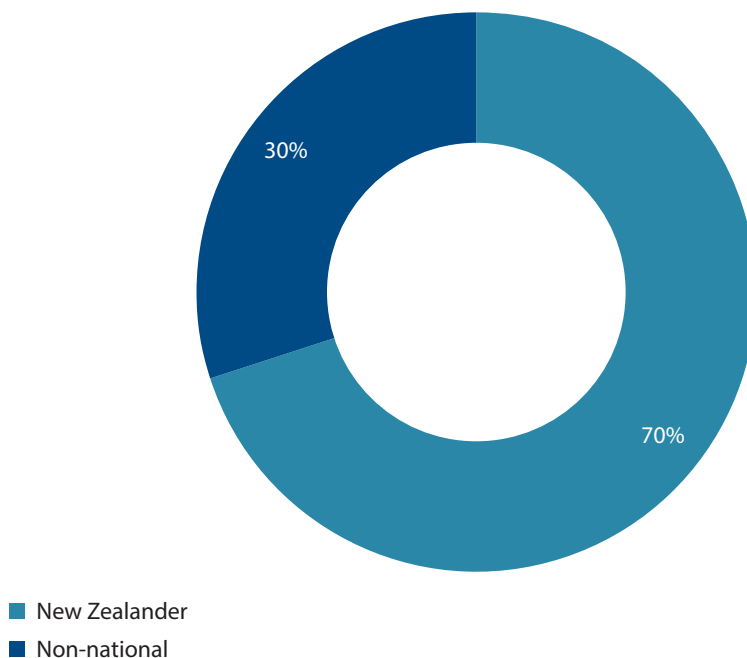
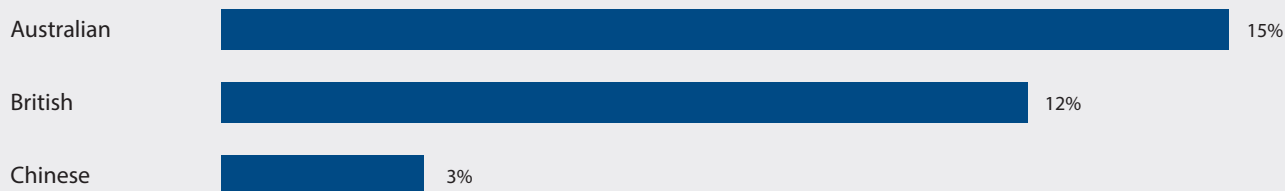


Figure 14. Proportion of non-national appointments to NZX 50 boards in 2017, by geography

Non-national appointments = 30% of total appointments





# SINGAPORE

In Singapore in 2017, a total of 41 new appointments were made to boards of companies listed on the Straits Times Index (STI), down from 45 appointments in 2016.

The average age of new non-executive appointees was the highest of the four geographies—58—versus 55 for New Zealand, 56 for Australia, and 57 for Hong Kong.

Of the 41 seats filled in Singapore, 63% went to current or former CEOs, lower than the percentage for New Zealand, at 67%, but higher than that for Australia, at 56%, and notably higher than that for Hong Kong, at 46%.

The proportion of seats filled in Singapore by appointees with previous board experience rose from 69% in 2016 to 88% in 2017, the highest of the four geographies, followed by Australia, at 82%; New Zealand, at 79%; and Hong Kong, at 61%. The industrial sector appointed the largest proportion of new non-executive directors, at 66%, followed by the financial services sector, at 22%.



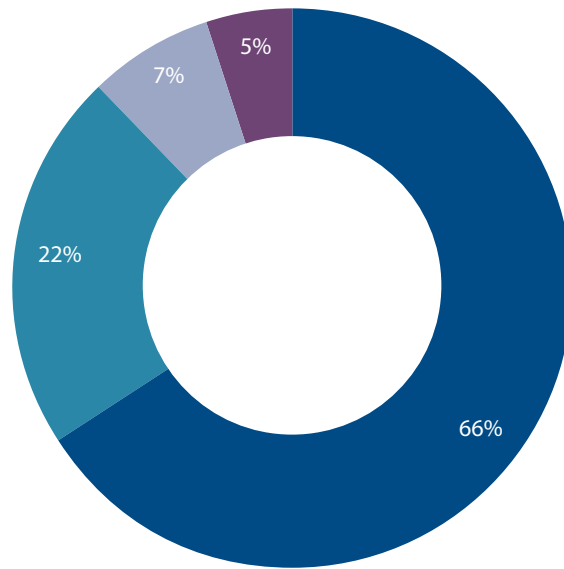
# 41

New director seats filled

# 58

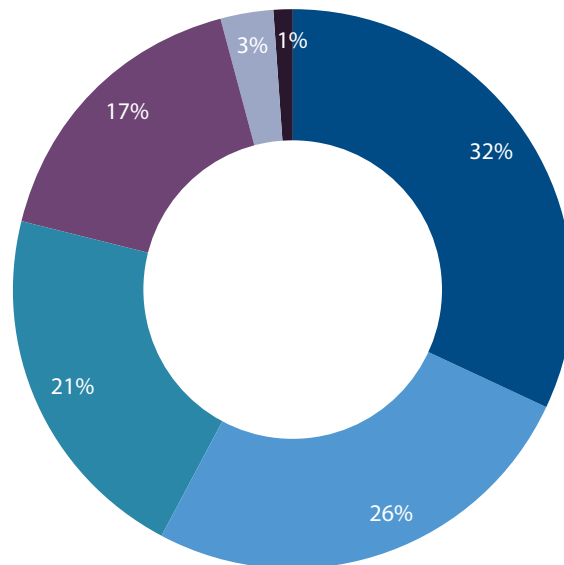
Average age

Distribution of new directors by industry (n = 41)



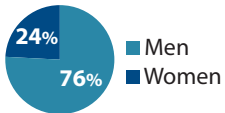
- Industrial
- Financial services
- Consumer
- Technology

Distribution of directors' total career experiences by industry (n =72)



- Industrial
- Financial services
- Consumer
- Technology
- Life sciences
- Business services

Note: Not all industries are represented in every category



## Experience

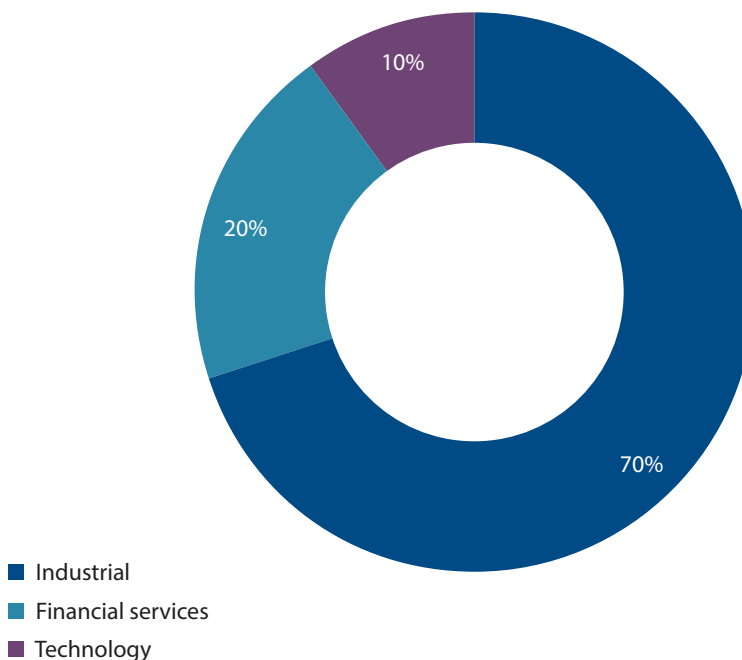


## Appointment of women directors in Singapore by industry

Of the 10 total female new non-executive director appointments, 7 were made by boards in the industrial sector, 2 in the financial services sector, and 1 in the technology sector (Figure 15).

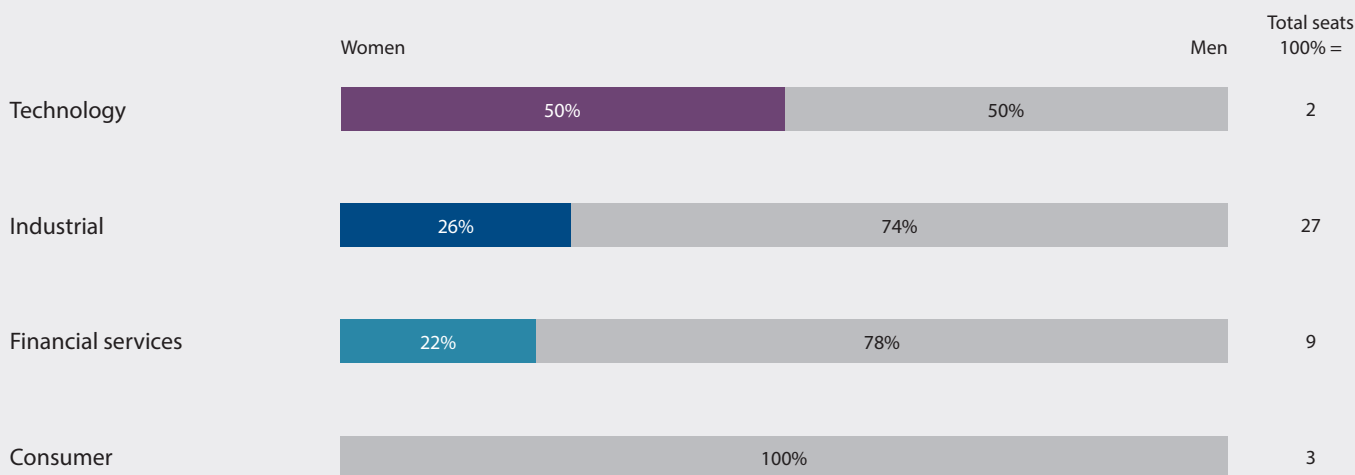
In terms of appointments industry by industry, women assumed 50% of the new seats in the technology sector, 26% in the industrial sector, and 22% in financial services (Figure 16).

Figure 15. Distribution of female appointments to STI boards in 2017, by industry (n = 10)



Note: No women were appointed to boards in the consumer, life sciences, and business services industries.

Figure 16. Proportion of new HSI board seats in each industry by gender, in 2017



Note: No new STI board seats were filled in the life sciences and business services industries.

## Appointments in Singapore by nationality

Some 29% of new non-executive board members at STI companies were non-nationals (Figure 17), with most of those coming from Australia and the United States (Figure 18).

Figure 17. Proportion of national vs. non-national appointments to STI boards in 2017, by geography

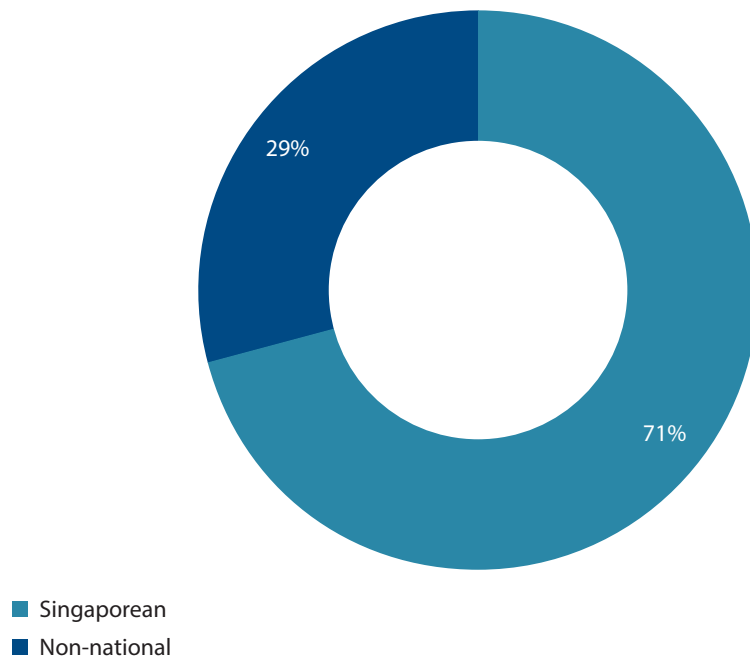
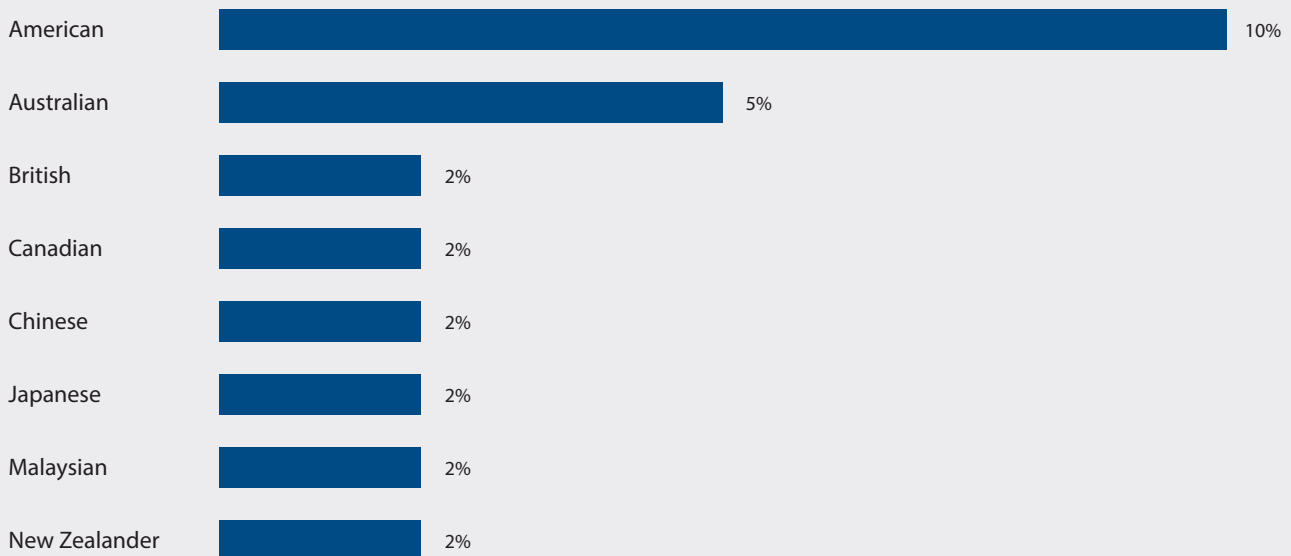


Figure 18. Proportion of non-national appointments to STI boards in 2017, by geography

Non-national appointments = 29% of total appointments



Note: Numbers may not sum to total, because of rounding.

# CEO & Board Practice

Heidrick & Struggles' CEO & Board Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.

We pride ourselves on being our clients' most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning, executive and board assessment, and board effectiveness reviews.

Our CEO & Board Practice leverages our most accomplished search and leadership consulting professionals globally who understand the ever-transforming nature of leadership. This expertise, combined with in-depth industry, sector, and regional knowledge; differentiated research capabilities; and intellectual capital enables us to provide sound global coverage for our clients.

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