

# Chair independence and gender diversity both take a step forward in STI 30 companies

By

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**The 2016 Singapore Board Index is a comprehensive review of governance practices in the 30 constituent companies of the Straits Times Index (STI) by Spencer Stuart Singapore. The inaugural edition of the Singapore Board Index was produced in 2014. The Singapore reports are aligned with and provides comparisons with similar Board Index reports done in other countries.**

**K**ey takeaways from this second report are summarised below. Selected indicators of board composition, performance and remuneration for each of the 30 companies are set out in the table on the next page.

2014 Board Index edition is the number of boards that took a step forward towards gender diversity. 73 per cent of STI 30 boards have now at least one woman on their board compared to 57 per cent in 2014, a progress in line with global trends.

## Key Findings

### • Smaller board size

Compared to average board sizes across the region, Singapore STI 30 has on average the smallest boards in the region. Board size has been shrinking in Singapore (from 10.8 in 2014 to 10.1 in 2016), a trend also observed in India and Japan. There is no single ideal board size; identifying the right number of directors for a board should result from a self-examination exercise that takes into account the scope and nature of the company's operations and the impact of the number of directors on the effectiveness of board process.

### • Increase in independent chairmen

Globally, board leadership structure has been evolving significantly over the past decade or so, with more companies appointing an independent chairman. This trend is also confirmed in the STI 30, with 54 per cent of chairmen being independent against 43 per cent in 2014.

### • Increase of boards with at least one woman director

The most noticeable increase compared to the

### • Increase in external facilitators for evaluation

Thirty-three per cent of STI 30 companies utilised a third party to carry out their board evaluation — a six percentage point increase from 2014. 97 per cent of the STI 30 companies had some form of board evaluation, whether executed internally by their nomination committee or by an external facilitator.

## Improving Board Effectiveness

- Institutional investors are calling for greater transparency about how candidly boards are addressing their own performance and the suitability of individual directors.
- When done effectively, board evaluation provides the board with an opportunity to identify and remove obstacles to better performance and to highlight what works well.
- High-performing boards make time to focus on what matters, striking the right balance between important oversight responsibilities and forward-looking conversations. ■

## Board composition, committees and remuneration

Director Retainer Fees (\$'000) <sup>1</sup>				Company	Board Composition				Bd Performance		
Board		Audit Committee			Bd Size	#IDs	#WDs	Avg Age <sup>2</sup>	Chair Type <sup>3</sup>	#Bd Mtgs	Bd Eval
Chair	Mbr	Chair	Mbr								
ND	ND	ND	ND	ASCENDAS REIT	10	6	2	58.1	ID	6	Internal
750	78	60	30	CAPITALAND	10	9	1	64.9	ID	5	External
ND	ND	ND	ND	CAPITAMALL TRUST	10	6	0	59.2	ID	7	Internal
ND	60	70	55	CDL	7	5	1	62.7	ED	8	Internal
108	54	36	25.2	COMFORTDELGRO	8	7	1	69.6	ID	5	Internal
1350	80	75	45	DBS GROUP HOLDINGS	9	7	2	61.1	ID	5	External
ND	120	60	45	GENTING SINGAPORE	5	3	0	66.6	ED	4	Internal
500	50	45	25	GLP	10	8	0	63.2	ID	9	Internal
ND	ND	ND	ND	GOLDEN AGRI RESOURCES	8	4	0	60	ED	5	Internal
ND	ND	ND	ND	HK LAND HOLDINGS	16	0	0	63.5	ED	4	None
ND	ND	ND	ND	HUTCHISON PORT	9	5	1	67.6	NI-NED	4	Internal
120	60	40	20	JARDINE CYCLE & CARRIAGE	14	7	1	58.7	NI-NED	4	Internal
0	45.5	ND	ND	YANGZIJIANG SHIPBUILDING	4	2	0	59.2	ED	4	Internal
ND	ND	ND	ND	CAPITACOMMERCIAL TRUST	8	4	1	57.7	ID	5	Internal
750	81	50	27	KEPPEL CORP	10	8	2	61	ID	11	External
40	45	30	20	SATS	10	9	1	64.5	ID	7	External
ND	ND	ND	ND	UOL GROUP	8	4	0	65.9	NI-NED	4	Internal
1800	45	70	40	OCBC	11	7	1	64	ID	11	External
750	75	50	30	SEMBCORP INDUSTRIES	10	7	1	63.1	ID	6	Internal
600	75	50	30	SEMBCORP MARINE	10	7	1	62.9	ID	12	Internal
60	65	30	20	SIA ENGINEERING	9	6	1	63.5	NI-NED	5	External
750	90	60	35	SINGAPORE AIRLINES	9	7	1	64.7	ID	4	External
750	55	40	30	SINGAPORE EXCHANGE	11	7	3	62.6	NI-NED	4	External
115	60	37.5	22.5	SINGAPORE PRESS HOLDINGS	10	9	3	58.9	ID	5	Internal
600	72	52	29	ST ENGINEERING	15	11	1	57.7	ID	5	Internal
960	110	60	35	SINGTEL	9	6	3	59.2	NI-NED	8	External
165	65	43	25	STARHUB	13	6	1	63.1	NI-NED	5	External
ND	ND	ND	ND	THAI BEVERAGE	20	8	2	70.8	ED	4	Internal
700	90	85	55	UNITED OVERSEAS BANK	9	6	1	65.4	ID	7	Internal
ND	80	30	10	WILMAR INTERNATIONAL	11	4	0	62.6	ED	4	Internal

### Notes to Table

<sup>1</sup> Base or retainer fees for the chair and members of the Board and one committee (the Audit Committee) are provided. Other committees are not shown due to shortage of space, but are available in the full report. Fees for Board or AC members refer only to those pertaining to non-executive directors (i.e. IDs or NI-NEDs).

<sup>2</sup> Average age of the board members in years.

<sup>3</sup> There are three types of chair: independent (ID), non-independent and non-executive (NI-NED), and executive (ED). For all 30 companies, the chair and the CEO are separate persons.

### Legend to Table

AC	Audit Committee	Mbr	Member
Bd	Board	Mtg	Meetings
ED	Executive Director	ND	Not disclosed
Eval	Evaluation	NI-NED	Non-independent Non-executive director
ID	Independent Director	WD	Women Director