

SPEECH FOR WOMEN TO WATCH LUNCH **New campaign targets for 30% Club in HK**

Tim Payne. 14th October 2016

Thank you Su Mei and thank you all for such an amazing turn out of high quality people this year – both Women to Watch and more corporate leadership than ever before.

The growing support for this event is a sign of a broader trend in Hong Kong. There is more awareness than ever of diversity issues and especially gender diversity.

There is more commentary in the media. It is on the corporate radar. Brunswick's own recent research of the HK financial community showed that people today actually think more than a quarter of board members are women in HK already.

But that is not true and that is where the good news stops. Because in reality, this is an area Hong Kong trails the world.

In fact fewer than one in eight board directors in Hong Kong are women. Less than half the percentage of the UK. Less than half the US. Less than half of the Australian market.

In fact we are lower than the world average of listed companies in capital markets. And yet in Hong Kong we aspire to maintain a role as one of the world's leading capital markets.

One area we have made progress in recent years has been in the number of all male H.S.I. boards in Hong Kong. Three years ago 19 of the 50 boards were men only. Today we are down to 12. But that is still 24%.

The 30% Club has committed to a campaign to reduce that number to zero by 2018.

I spend a lot of time talking to businesses and business people in Hong Kong about governance and reputation issues. For what it is worth I don't think the issue we have in Hong Kong is chauvinism of misogyny... although like all societies we have a fair dose of both.

The issue is coziness on the board; and an inertia around the role of the board. Too many company leaders today want board members to reflect something positive onto the company - senior people of standing in society. People they know well. People they trust.

And trust is vital to boards - but coziness is a fine line from that and is not.

This might be a room of the converted. But I have to tell you that gender diversity – diversity in general is not a boardroom fad.

The reputational exposure of companies and their boards today is immense – the global access of investors to bad news, immediate. And when something goes wrong for a business the question will be asked whether the board has acted appropriately; was it able to act appropriately; was it able to prepare properly.

If you don't believe me look many corporate crises in the world today. Often the challenge, once the immediate issue has passed, is to address the criticism that the board was not able to stand up to senior executives – either too friendly or too afraid. That will be a particular challenge for tightly held companies.

Companies need to get into the habit of running much more thoughtful, long term processes for board renewal. They need to consider the diverse talents that would benefit them at the table – technical expertise, geographic reach, market understanding. And when you look more broadly at the candidate pool, gender diversity will follow – because why on earth would you limit yourself to half the population when you are looking for the most insightful choice of people to have in your boardroom.

In a past week which has seen the world discussing – and disgusted by - the actions of a US presidential candidate in relation to women, it is clear that the challenges of gender, respect and inclusion remain strong in the world.

But we are not in this room just because it is a women's issue. We are here because diversity is so clearly a business issue.

Our Hong Kong research shows us that the financial community here believes more diverse boards will drive better decisions.

- A recent report by The Peterson Institute for International Economics and E&Y shows that having more female leaders in businesses can significantly increase profitability. Results revealed that organizations with 30% female leaders could add up to 6 percentage points to their net margin.
- Korn Ferry's report *'Diversity Matters: Adding Colour to Boards in APAC'*, associated better firm performance with Asia Pacific companies that have even 10% of women board members, where these companies enjoy, on average a 3.6% higher return on ROE compared to companies with less than 10% women directors.

- There are similar studies, including Credit Suisse's just this week, positively correlating more diverse boards to stronger share price.

Some will ask what the causation is here – are boards more successful because they have more women on them – or are they successful and therefore appoint more women? The answer – it doesn't matter! Good businesses think through these issues. Embrace these challenges. Women on boards can add to that thinking and further strengthen the company.

So this issue is good for business and good for women. It is also unquestionably good and important for Hong Kong. If Hong Kong wants to maintain its world class standing as a financial centre, it has to embrace all aspects of the modern governance agenda. And weak diversity will increasingly weaken the reputation of Hong Kong companies and the market as a whole.

So it is time to do more in Hong Kong on this issue. We all want to commit today to get to 20% women on boards by 2020 as well as no all-male boards by 2018.

We meet more and more business leaders ready to step up – and that is good because this change is going to have to be driven from within the business community. We need Chairman, nominating committees and boards to consider these issues more carefully – and to work with everyone in this room to deliver a positive benefit to their company and this community.

When you look around this room, you see very clearly we have the board talent to infuse Hong Kong companies with high quality female leaders. And one of the first among equals and real role models is going to talk to us now.

I am honoured to invite our keynote speaker Dr Rosanna Wong to share her views on gender diversity in Hong Kong. Rosanna is the Executive Director of The Hong Kong Federation of Youth Groups and has had a life almost uniquely active across the public and private sectors.

Among the public sector, she has held multiple chairperson positions in various government bodies, such as the Hong Kong Housing Authority and the Education Commission. But she also sits on several of Hong Kong's leading corporate boards, including HSBC, CK Hutchison, Hongkong and Shanghai Hotels.

Please join me in welcoming Rosanna. And thank you very much.