

FOR IMMEDIATE RELEASE

The Women's Foundation Congratulates the HKEx on its Board Diversity Initiative, Encourages Public Debate, and Issues a 'Call to Action' to Add Female Board Directors

HONG KONG, September 7, 2012 – The Women's Foundation, a Hong Kong non-profit organisation dedicated to the advancement of women, welcomed Hong Kong Exchanges and Clearing (HKEx)'s announcement today of a public consultation on new reporting obligations for Hong Kong issuers on board diversity. HKEx is proposing to introduce a Code Provision directing all listed companies to report on their diversity policy from next year.

The Women's Foundation commended this development as an encouraging first step toward redressing gender imbalances on Hong Kong boards. While not going as far as quotas, the disclosure of diversity objectives embeds diversity into organisational strategy at the highest level. Hong Kong will join Australia and the UK, where diversity reporting requirements have been a key driver behind the growing number of women on boards.

As of May 31 2012, 40% or 612 of Hong Kong issuers had no female board directors at all (well below other international financial centres), and of the few female directors serving on boards, only 29% were Independent Non-Executive Directors (INEDs). Recent changes to Hong Kong's listing rules mandate that all Hong Kong-listed companies have boards comprising at least one-third independent directors by December 31, 2012.

Su-Mei Thompson, CEO of The Women's Foundation, commented, "Many family-controlled, male-dominated Hong Kong listed companies are failing to tap into the wealth of qualified, diverse and independent Board candidates. Their networks - and thus their recruiting pipelines - have tended to be overwhelmingly male, so they need to look beyond their own informal circles when recruiting the best Board talent. Along with our partners and sponsors, we are planning initiatives to identify and offer advanced training to suitably qualified female candidates, and assist corporates to diversify their Boards. We also hope that shareholders will become much more vocal about the benefits of having a diverse board comprising men and women, as well as a variety of ethnic backgrounds, global perspectives and ages."

The Women's Foundation will carefully review the proposed new Code Provision and make a submission to the HKEx as part of the consultation exercise. The Foundation called on institutional investors, business leaders, advisory firms, associations and professional bodies, and research organisations to do the same, in order to highlight the reasons why board diversity matters, raise awareness of the issue, and impact the final version of the new provisions.

Building on The Women's Foundation's successful initiatives around Women on Boards in partnership with Community Business earlier this year, the Foundation will be collaborating with leading professional bodies such as the Hong Kong Institute of Directors (HKIoD) as well as corporate partners like Standard Chartered Bank to achieve its objectives. This October, The Women's Foundation will be launching a new programme in partnership with Standard Chartered Bank designed to prepare senior executives for Board directorships and assist them in securing board appointments.

There is an established body of international and regional research linking diversity with business performance. New research supporting the better business outcomes associated with board diversity released last month by the Credit Suisse Research Institute showed that companies with at least one woman on the board achieved a 4% higher average return on equity, one-third higher average price/book value multiple, 4% higher average net income growth, and a 2% lower net debt to equity gearing ratio. The majority of these companies performed defensively during falling markets and difficult economic times.

According to Jaspal Bindra, Group Executive Director and Chief Executive Officer, Asia of Standard Chartered which published the *Standard Chartered Bank Women on Boards: Hang Seng Index 2012* report in March this year, "We believe that companies which focus on diversity, including placing women on their boards and selecting employees from a wider talent pool, are associated with a greater focus on corporate governance, higher performing teams, a better mix of leadership skills, and more measured risk-taking. With compliance with the one-third INED requirement due by year-end, this is an ideal time for Nominating Committees to embrace change and bring more women onto their boards."

Gordon Jones, author of “Corporate Governance and Compliance in Hong Kong”, an Honorary Fellow of the Hong Kong Institute of Directors and Hong Kong Securities Institute and a Fellow of the Institute of Chartered Secretaries and Administrators and the Hong Kong Institute of Chartered Secretaries, echoed The Women’s Foundation’s call to action: “The recent financial crisis was a wake-up call to companies to ensure that their directors have the right mix of skills, experience, knowledge and independence. The current gross under-representation of women on Hong Kong company boards casts considerable doubts on Hong Kong’s claims to be a ‘world city’ with ‘equal opportunities’ for all irrespective of gender. Women are not only an untapped pool of talent and resources, but also may bring a significant degree of emotional intelligence to dealing with difficult boardroom situations.”

The window for submitting written comments on the proposed diversity policy reporting requirements is from September 7 to November 9, 2012. Comments may be sent to response@hkex.com.hk. Most responses will be compiled and made available online to the public on either an attributed or anonymous basis.

About The Women’s Foundation

The Women’s Foundation is a Hong Kong registered not-for-profit organisation dedicated to improving the lives of women and girls in Hong Kong. TWF is focused on challenging gender stereotypes, increasing the number of women in decision-making and leadership roles, and empowering women in poverty through ground-breaking research, innovative and impactful community programmes, and education and advocacy. Each year, the Foundation’s best in class Mentoring Programme for Women Leaders brings together 50 high potential protégés with 50 seasoned female mentors for a year of one on one mentoring, inspirational talks, panel discussions, specially tailored workshops, mentoring circles and social gatherings. Over 350 women have benefited from the Programme.

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Links to the organizations and research mentioned above:

- To visit HKEx's market consultation page, see <http://www.hkex.com.hk/eng/newsconsul/mktconsul/marketconsultation.htm>
- For Standard Chartered's position on board diversity, see <http://www.standardchartered.com/en/about-us/our-people/Board-diversity.html>
- To access the *Standard Chartered Bank Women on Boards: Hang Seng Index 2012* report referenced above, see http://www.communitybusiness.org./images/cb/publications/2012/WOB_Eng_2012.pdf
- For access to the full Credit Suisse report referenced above, see https://infocus.credit-suisse.com/data/product_documents/shop/360145/csri_gender_diversity_and_corporate_performance.pdf