

Hong Kong Board Diversity Investor Initiative - 8 March 2021- IWD

Dear Signatories and Supporters,

We hope you, your family and your colleagues are well.

Today is the International Women's Day 2021! Our effort and belief make more sense than ever. Bloomberg today's article '[China's Hottest Companies Are Run by Old-School All-Male Boards](#)' is a good summary of where we stand in Hong Kong regarding gender diversity on corporate boards (and includes quotes from our supporters Amar, Teresa and myself).



The Bloomberg article mentions the important report from the **Hong Kong Institute of Chartered Secretaries** (HKICS) entitled '[Missing Opportunities? A Review of Gender Diversity on Hong Kong Boards.](#)' released on February 9th,

2021 (together with the [press releases](#)) in case you did not see it yet. This is an excellent report which advocates for targets of 30% Women On Boards over the next six years – a big and important step for HKICS, many of whose members work with boards of listed companies with 2/3 of their members being women. We hope this report drives big change in 2021 particularly from the regulatory side and influence on companies. The 30% Club and one of our co-founders Pru contributed. I encourage you to read this terrific report with forceful contributions, and goals including the most debated issue, quotas.

From the 30% Club perspective, the report reflects its new position that HKEx should set targets of **25% by 2025 and 30% within six years which should be then mandated by quotas if these targets are not met.**



And we want to thank the members that already sent their feedback on engagements with their investee companies regarding diversity. We will share the results soon. To ensure we can report accurate information and data please send details of your voting and engagement activities for 2020 with Hong Listed companies on the topic of board gender diversity by March 12, 2021. We only need aggregated statistics. Please share case studies if you are happy for them to be included in our next report. It is essential that we keep sharing our experiences, outcomes and statistics

Please use this updated [Engagements Tracking Tool](#).

[Updated stats from Community Business regarding women on Hong Kong boards](#) are now available and prove again the need for action:

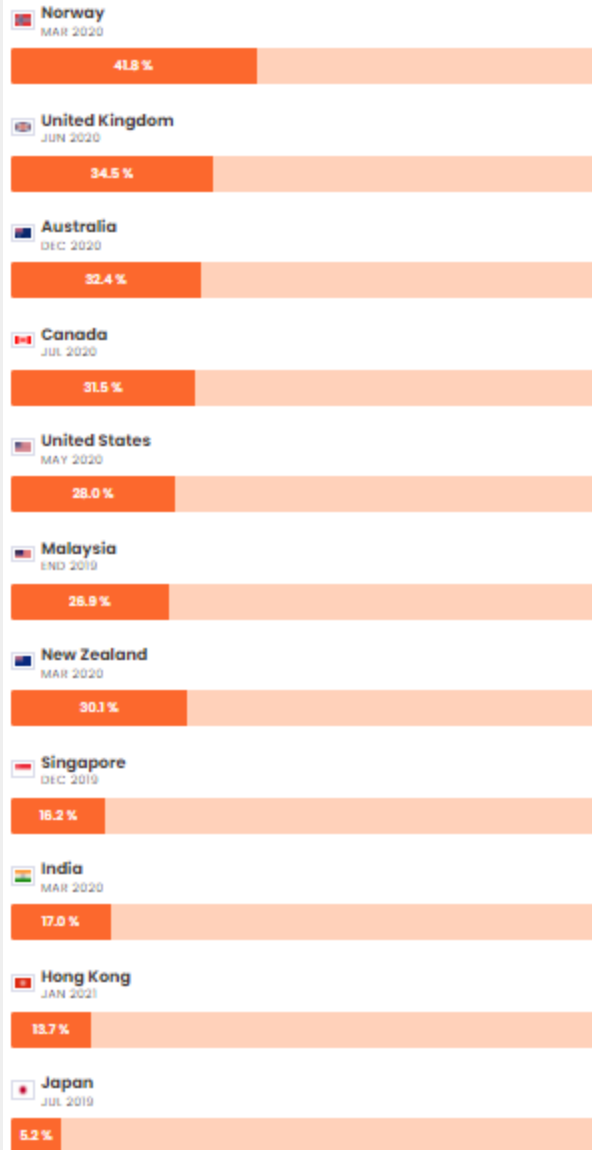
- Women make up 13.7% of HSI boards as off end of 2020, no change for the last 2 years.
- There are 12 all-male boards in HSI, and 5 of them never had a female director, no change to slightly worse in the last 2 years.
- Out of a total of 33 appointments in 2020, 28 were men (84.8%).

Our supporter Community Business keeps gathering helpful stats, sharing [the all-male boards companies](#) and [women appointments details](#).

Key Data (Hong Kong)

Progress by Geography

Data obtained from official sources



We also see more and more sell-side reports that include board diversity in their analysis.

For instance the Baml "ESG Matters - Asia Greater China. Corporate governance and CO2 emissions" report highlights the Greater China companies that exhibit good metrics across Board Independence, Board

Diversity, CEO remuneration structure, CO2 disclosure and climate change targets.

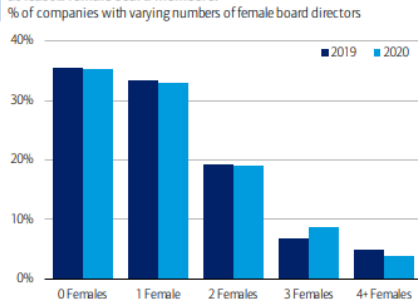
Please let us know your favorite research paper, data, article or any other resource regarding diversity so we can share them with the group.

Gender diversity

In absolute terms, nearly 1/3rd of companies in Greater China have at least 2 female directors. This is stable yoy and broadly inline with APAC levels. By sector, gender diversity is most prevalent in Telecoms, Financials, Healthcare and Consumer Discretionary.

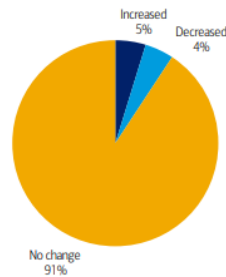
Our analysis reveals 12% of Board members amongst stocks under our Greater China coverage are female.

Exhibit 8: Nearly 1/3rd of companies in Greater China coverage have at least 2 female board members.
% of companies with varying numbers of female board directors



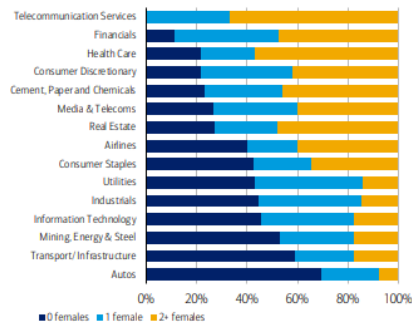
Source: Company reports, Company websites, BofA Global Research

Exhibit 9: There was minimal change yoy in the overall percentage of female representation on Boards
Ratio of companies increasing vs decreasing females equal over 2019/20



Source: Company reports, Company websites, BofA Global Research

Exhibit 10: Gender diversity is most prevalent in Telecoms, Financials, Healthcare and Consumer Disc. In contrast more work needs to be done on Board diversity at Autos, Transport and Mining/Energy.
Companies by no. of female directors – by Sector



Source: Company reports, Company websites, BofA Global Research

Exhibit 11: 29 companies in our coverage where at least 1/3rd of the Board is gender diverse

Companies with 1/3rd female directors under BofA coverage

002821 CH	Asymchem Lab	MNSO US	MINISO
300383 CH	Beijing Sinner	425 HK	Mintih Group
998 HK	China CITIC Bk	9909 HK	Powerlong Commercial
2823 TT	China Life	600183 CH	Shengyi
772 HK	China Literature	242 HK	Shun Tak Holdings
1088 HK	China Shenhua	1177 HK	Sino Biopharm
DADA US	Dada Nexus	50GO US	Sogou
3799 HK	Dali Foods	300144 CH	Songcheng Performance
778 HK	Fortune REIT	1972 HK	Swire Properties Ltd.
3692 HK	Hansoh	3347 HK	TigerMed
2049 TT	Hiwin Technologies	520 HK	Xiabu Xiabu
600201 CH	Jinyu Bio-Tech	1579 HK	Yihai Int'l
636 HK	Kerry Logistics Network	600887 CH	Yili Industrial Group
823 HK	Link REIT	6169 HK	Yuhua Education
002475 CH	Luxshare		

Source: Company reports, Company websites, BofA Global Research

Exhibit 12: ~17 companies in Greater China coverage demonstrate desirable corporate governance measures of: 1) 50% independence level; 2) at least 1 female director and 3) 25% variable pay in remuneration

Companies under BofA coverage with at least 1 female director, increasing levels of Independents and variable pay rate for CEO

50% independence level, 1 female director, 25% variable pay				66% independence level, 1 female director, 25% variable pay			
Sector	Ticker	Mkt Cap (USm)	Company	Sector	Ticker	Mkt Cap (USm)	Company
Real Estate	101 HK	12,270	Hang Lung Properties	Financials	1299 HK	164,891	AIA Group Limited
Real Estate	960 HK	33,691	Longfor Properties Co.Ltd	Transport/ Infrastructure	2343 HK	1,167	Pacific Basin
Financials	1299 HK	164,891	AIA Group Limited	Information Technology	2018 HK	6,827	AAC Technologies
Financials	6881 HK	12,912	China Galaxy Securities Co Ltd	Information Technology	992 HK	15,935	Lenovo Group
Financials	1776 HK	17,735	GF Securities	Consumer Discretionary	2006 HK	1,141	Shanghai Jin Jiang Intl Hotels
Financials	2388 HK	34,433	Bank of China (Hong Kong)				
Financials	11 HK	37,555	Hang Seng Bk				
Industrials	3898 HK	5,943	Zhuzhou CRRC				
Industrials	1157 HK	17,910	Zoomlion				
Mining, Energy & Steel	2899 HK	52,502	Zijin Mining				
Transport/ Infrastructure	2343 HK	1,167	Pacific Basin				
Consumer Discretionary	2331 HK	15,169	Li Ning Co Ltd				
Information Technology	2018 HK	6,827	AAC Technologies				
Information Technology	992 HK	15,935	Lenovo Group				
Consumer Discretionary	1928 HK	40,017	Sands China Ltd.				
Consumer Discretionary	2006 HK	1,141	Shanghai Jin Jiang Intl Hotels				
Consumer Discretionary	69 HK	3,626	Shangri-La Asia				

Source: BofA Global Research

BofA GLOBAL RESEARCH

Thank you for your support, we will soon be back with the Board Diversity Investors Initiative stats for 2020. And Happy International Women's Day (IWD) 2021!

Best,

Nasrine



CONTACT

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