

Board Diversity Hong Kong - April 2021

Dear Signatories and Supporters,

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

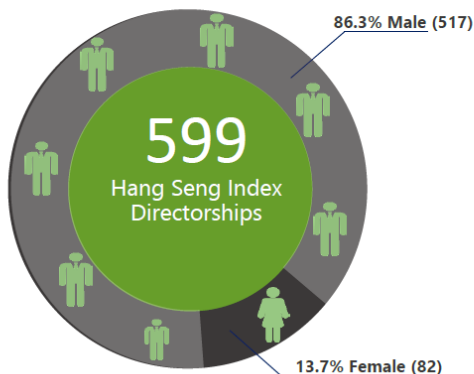
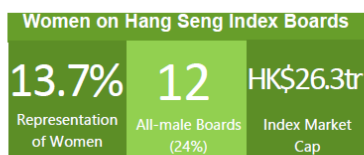
First, as promised, please see below the summary of our Signatories' engagements for 2020. We are happy to report that our Signatories have been directly engaging more often with a broader range of investees companies regarding diversity. Our signatories have also been more actively using their shareholders rights in voting against a number of HK-listed companies due to diversity concerns.

BOARD DIVERSITY HONG KONG'S WOMEN ON BOARD INVESTOR INITIATIVE

FACT SHEET

2020

UPDATE: BY THE NUMBERS



50 CONSTITUENTS IN THE HANG SENG INDEX

Average board size: 11.7 (Range: 6 to 20)

12

ALL MALE BOARDS

5 have never had a woman on the board since IPO

18

ONE FEMALE BOARD MEMBER

Many have had only 1 female director for years

2020 New HSI Boards Appointments

12 out of 93 new appointments have been made to women directors

% of New Male Appointments **87.1%**

% of New Female Appointments **12.9%**

AVERAGE TENURE **8.2y** INDEPENDENT **46%**

Sources: COMMUNITY BUSINESS, Bloomberg.

HANG SENG INDEX

60
COMPANIES
ENGAGED IN 2021

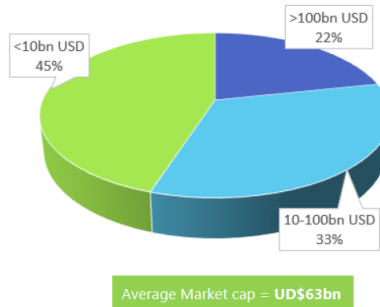
28
COMPANIES
ENGAGED IN
2020

**Techtronic
ANNOUNCED
ITS FIRST FEMALE
DIRECTOR**

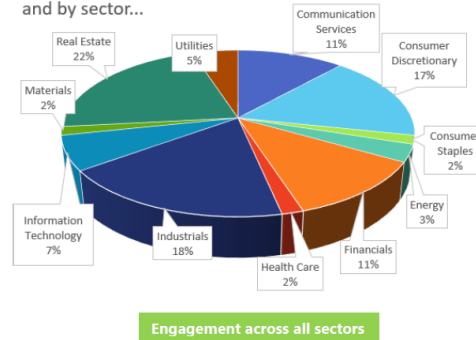
MORE DIRECT ENGAGEMENTS

We are proud that our Signatories and Supporters are engaging more frequently and systematically with their investee companies on diversity issues, including with Techtronics (669 HK), which announced on April 9 its first ever appointment of a female director..

Diversity engagement by market capitalization



and by sector...



Our signatories have been engaging more and more with investee companies regarding diversity, and have been using dramatically more their proxy voting, including voting against the Board due to diversity reasons between 2019 and 2020.

Related to our common efforts to foster more diversity at our investees companies, the Hong Kong Exchanges and Clearing Limited (HKEx) announced on Friday, April 16th, 2021 a [Consultation](#) on Review of the Corporate Governance Code and Related Listing Rules:

“At HKEX, we are committed to enhancing the quality of our market, and this consultation focuses on improving a range of corporate governance standards. Our proposals emphasise instilling change in mindset of issuer’s boards, promoting board independence, board refreshment and succession planning, as well as improving board diversity amongst Hong Kong issuers, helping to enhance Hong Kong’s position as a leading ESG hub in Asia,” said Bonnie Y Chan, HKEX’s Head of Listing.

Regarding diversity more specifically, we see some positive developments in the Consultation: companies are asked to set their own targets, reference is made to targets in the wider workforce, and there is a clear focus on moving away from single gender boards, as anticipated. Here is the extract from the HKEx website:

(c) Diversity –

- i. Single gender board is not considered to be a diverse board;
2. mandatory numerical targets and timelines for achieving gender diversity at both board level and across the workforce (*New Mandatory Disclosure Requirement (MDR) under the Code*); and
3. requirements for boards to review progress of diversity policy annually (*New CP*). After the revised Rules take effect, existing issuers with single gender boards will be allowed a three-year transition period to appoint at least one director of the absent gender on their boards. IPO applicants are not expected to have single gender boards.

We encourage all our Signatories and members to prepare submissions to the [Consultation Paper](#) by 18 June 2021.

We welcome the opportunity to review the most recent data on diversity in Hong Kong, share signatories' engagements and efforts, and discuss the HXEx Consultation and signatories' submissions, at our next virtual meeting. Please save the date for our Board Diversity Investors Initiative meeting **on May 17th at 4pm HKT** (video call details to follow).

[Register NOW to the Board Diversity Math 17th 2021 meeting](#)

I look forward to speaking with you all on May 17th.

Best,
Nasrine

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