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Top Search Firms Partner Diversity Action Committee in Pro-Diversity Effort

Singapore's Diversity Action Committee (DAC) and five leading executive search firms - Egon Zehnder, Heidrick & Struggles, Korn Ferry, Russell Reynolds Associates and Spencer Stuart – are pleased to present a set of identified best practices for board appointments supportive of gender diversity. This collaboration is an unique initiative in the local context, defining the standard for recruitment of Board Directors among corporates based in Singapore.

Summary on the Statement of Good Practice in Executive Search for Board Directors

The Statement of good practice sets out a comprehensive process from the start of the search assignment to appointment of director and post-appointment follow-up.

It advocates that search firms first consider the existing strengths of the board and define the complementary capabilities required to serve the corporate strategy. It encourages boards to widen candidate pool to include top calibre and diverse candidates (including women). Particular attention should be paid to candidates with relevant experience in emerging industries and areas of specialisation.

The Statement also emphasises the importance of comprehensive induction programmes for new directors and post-appointment follow-up with the whole board in order for companies to benefit more fully from board diversity.

The full Statement and more information about the Diversity Action Committee are attached in the annexes.

Quote from DAC :

Magnus Böcker, Chairman of DAC¹, said, "DAC is excited that the five leading executive search firms in Singapore are supporting greater boardroom participation by women and incorporating diversity aspects into their best practices.

¹ The DAC is chaired by Mr Magnus Böcker, CEO of Singapore Exchange. Madam Halimah Yacob, Speaker of Parliament of Singapore is adviser to DAC. The DAC, comprising business leaders from both large and small organisations and professionals from the private, people and public sectors, is appointed to build up the representation of women directors on boards of companies.

DAC sees its role as working together with companies and professionals on initiatives like this, to support an increased understanding of the business benefits arising from diversity and to make a significant and lasting increase in the number of women directors.

The activities around diversity are already gaining momentum. BoardAgender, NUS², SIAS³, SID⁴ have published reports and held events raising the understanding of both professionals and public. I understand more events will be coming in the following months and DAC will play its part.”

Quote from Egon Zehnder :

“Egon Zehnder has long been an advocate around the world for the importance of diversity for Board effectiveness. What is important is to have diversity of perspectives and strengths. Gender diversity is not the only form of diversity that is important, but it is the most obvious opportunity ahead of us.

We are delighted that the Diversity Action Committee is deepening the collective commitment to this agenda. Apart from supporting this joint effort, Egon Zehnder had earlier launched a multi-pronged “20 by 20” program encouraging step change in the proportion of women board directors. This centres on building a community of women leaders who have the interest to serve on Boards, and helping to prepare them to be effective Non-Executive Directors.”

Quote from Heidrick & Struggles :

"Singapore boards are among the best practitioners of board governance in Asia", said Graham Poston, Regional Managing Partner for CEO & Board Practice at Heidrick & Struggles. Facing an increasingly dynamic and competitive marketplace, we are starting to see the most progressive boards be more creative in looking at their own composition. Board diversity, as measured by gender, age, expertise and cultural sensitivity, is needed more than ever. If companies are to successfully navigate the opportunities and issues ahead in a way that aligns their firm with contemporary values, a team dynamic that can leverage this diversity is required."

"We are proud of our partnership with DAC and other industry leaders to partner the code of best practice, which we believe will be a catalyst to accelerate adoption of best practices by a wider group of corporations and their Boards", noted Graham.

² NUS Centre for Governance, Institutions and Organisations

³ Securities Investors Association (Singapore)

⁴ Singapore Institute of Directors

Quote from Korn Ferry :

“As a leadership and talent consulting firm, Korn Ferry is committed to design, build, and attract talent at all levels. Our research has shown that companies with diverse boards not only perform significantly better but they also fare better in terms of corporate governance. As such, Korn Ferry is fully committed to this DAC initiative for greater diversity and transparency on boards. We will partner with our clients to support their needs whilst ensuring that all factors of diversity is taken into consideration.”

Quote from Russell Reynolds Associates:

“Russell Reynolds Associates is committed to the effort of building diverse and gender-balanced corporate boards in Singapore. A high performing board is about the caliber and perspectives of individual directors as well as the deliberate creation of a dynamic and a chemistry that allow for effective execution of corporate governance, strategic oversight and well-rounded counsel to the C-suite. As globalization, digitalization, an ever increasing need for risk management and shifting demographics of workforces make businesses much more complex, having this diversity of perspectives through a gender-balanced board is a critical business imperative.”

Quote from Spencer Stuart :

“Leaders in the boardroom today face both enormous challenges and opportunities in helping their organizations navigate diverse forces – whether digital, global, strategic, competitive, disruptive, regulatory, customer-driven, social or other waves of change,” said Malini Vaidya, who leads the Board and CEO practices, and office, for Spencer Stuart in Southeast Asia. “Helping boards to embrace a strategic and forward-looking approach, and supporting them in securing the diverse expertise in place to succeed in this dynamic world, has long been the guiding force behind Spencer Stuart’s advice and service to our clients. We fully support these efforts by DAC and Singapore Exchange’s member companies to align and enhance the promotion of diversity and strategic renewal of talent in the boardroom.”

“Having helped boards successfully identify, assess and recruit women for over 1,300 director positions around the world, we look forward to continuing to apply that experience here in Singapore.”

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Statement of Good Practice in Executive Search for Board Directors

The Diversity Action Committee, together with five leading international executive search firms, namely Egon Zehnder, Korn Ferry, Heidrick & Struggles, Russell Reynolds Associates and Spencer Stuart, have come together to define the best practices in search criteria and processes relating to board appointments in Singapore. This initiative recognises the importance of director choice in improving board effectiveness and corporate governance. Collectively, we share our convictions with companies who use our services in order that they may join us in subscribing to the professional practices and processes outlined below:

1. Board Composition & Progressive Board Renewal

When taking a specific brief, the executive search firm should regard the assignment in the context of the needs of the Board as a whole to serve the interest of the company going forward. The firm should support the Board in performing an analysis of what other capabilities are or will be required to serve corporate strategy in the immediate future as well as medium term. The conclusions will be reflected in the competencies used to guide the selection of new directors.

Risk management considerations should be raised if not already covered in the brief. With ever shorter product lifecycles and proliferation of disruptive competition, Boards that draw their directors from different pools of experience, expertise and social background, would be better equipped to recognise and meet their challenges. Search firms should encourage Boards to actively pursue diversity.

Search firms should also engage with clients in developing a board renewal plan that would allow both broadening and progressive rebalancing of capabilities within the board for its continued optimal functioning to serve the interests of the company.

2. Broadening Candidate Pool and Selection Criteria

To widen the pool of top calibre and diverse candidates for evaluation, search firms should encourage clients to define a broader set of search criteria in addition to having candidates with prior experience as a board member/CEO. Particular attention should be paid to candidates with relevant experience in emerging industries and areas of specialisation.

Non-traditional sources should be tapped whilst bearing in mind that candidates should have both depth of expertise as well as sufficient breadth of knowledge and skills to contribute across the entirety of the board agenda.

3. Supporting Diversity with Women on Boards

Women represent an increasing share of purchasing power at wholesale and retail levels. Yet many companies have an under-representation of women in their boards. To assist their clients in rectifying the situation and providing diverse slates of candidates, search firms should ensure that 20-25% of the candidates are women. Search firms should also aim to have clients interview at least one qualified woman candidate.

4. Evaluation & Selection

Search firms will prepare candidates for interviews and guide them through the process. Particular attention will be paid to first-time candidates.

Search firms will assist clients in their evaluation of each candidate on the shortlist, with advice and comparative reference material, highlight areas in candidates' profile for attention and clarification in order to make a fair and objective evaluation.

In addition to evaluating candidates' skills and experience, search firms will point out the team dynamics of current boards and how shortlisted candidates' personal characteristics could complement the boards. Desired personal characteristics for board appointments include courage, diplomacy, wisdom and integrity.

In the final selection, search firms will always remind clients to check if the final selection is aligned with the board composition and progressive board renewal planned at the beginning of the search process.

5. On-boarding/Follow-up Processes

Search firms should advise clients on the changes in team dynamics when diversity is introduced and how best to induct a new director and prepare the board in order to benefit more fully from diversity. Search firms may offer other services as an on-going support to diversity on the board.

Signing Up to the Statement

Executive search firms or organisations in Singapore that are providing board search services are invited to sign up to this Statement. By signing up to the Statement, they are signaling their commitment to service excellence and also to increasing board diversity for superior corporate governance. For those who are interested, please contact the Diversity Action Committee Secretariat at DAC_Secretariat@sgx.com.

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