

Board Monitor

Hong Kong 2021

Hang Seng top 50 companies added more new directors in 2020 than the year before, with more emphasis on gender diversity and prior board experience.



About Board Monitor

This report is part of Heidrick & Struggles' long-standing study of trends in board composition in countries around the world. Produced by our CEO & Board Practice, these reports track and analyze trends in non-executive director appointments to the boards of the largest companies in Australia, Belgium, Brazil, Canada, Denmark, Finland, France, Germany, Hong Kong, Ireland, Italy, Mexico, the Netherlands, New Zealand, Norway, Portugal, Singapore, South Africa, Spain, Sweden, Switzerland, the United Arab Emirates, the United Kingdom, and the United States. Information about executives is gathered from publicly available sources, BoardEx, and a Heidrick & Struggles proprietary database.

Thanks to the following Heidrick & Struggles colleagues for their contributions to this report:

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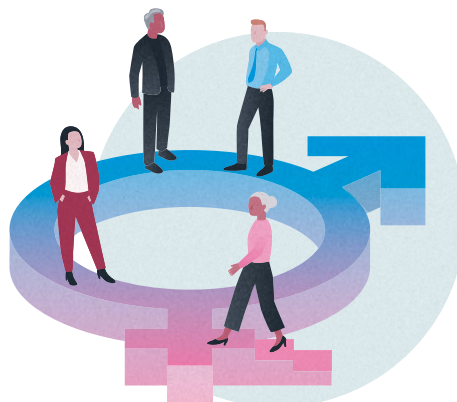
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New directors to help navigate disruption



Board fundamentals—financial oversight and good governance—were crucial in 2020 as companies navigated through a global pandemic, geopolitical uncertainties, and economic recovery. Many directors found themselves working more closely than ever with executive teams to keep their companies afloat, and working at a faster pace than ever before. And boards were increasingly expected to not only address topics as wide-ranging as community responsibility, sustainability, and diversity in their own composition, but to do so publicly. Furthermore, the necessary remote working and crisis management forced boards to operate differently—often outside their traditional schedule and agenda.

All of this, of course, affected how boards thought about the new members they added in 2020. In Hong Kong, the top 50 Hang Seng-listed companies added 42 new directors, 20% more than the prior year; companies in Singapore added an even greater share of new directors, with a 50% rise from 2019. The share of incoming Hong Kong directors who were current or

former CEOs or CFOs was 38%, down a bit from 43% in 2019, though equal to 2018. Hong Kong boards were, however, clearly seeking prior board experience: more than two-thirds, 69%, of the incoming directors had such experience, compared with 51% the prior year. And a quarter of the new directors were women, a notable increase from only 6% the previous year and closer to parity with Singapore, where a third of 2020's new directors were women.

New directors found themselves joining boards dealing with myriad, unprecedented challenges, which led to many boards reassessing how they worked, as entire organizations were also doing. Although Hong Kong's companies were faced with macro issues outside their direct control, pandemic safety measures, including working from home and lockdowns, caused many businesses to reevaluate how they could and should operate going forward. Many boards were faced with game-changing decisions. Some boards stepped even further back, to analyze what they—and *only* they—could do to support their companies, with a focus

on ensuring board members can support sound and swift decision making. In addition, many boards took a hard look at their cadence of refreshment, with an eye toward changing the process to ensure they will be able to add the new directors they need, when they need them.¹

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¹ For more on new approaches to board refreshment, see Alice Breeden, Theodore L. Dysart, and David Hui, "Building the foundation for better board refreshment," Heidrick & Struggles, January 7, 2021, heidrick.com.

Snapshot of 2020 findings

New director
seats filled



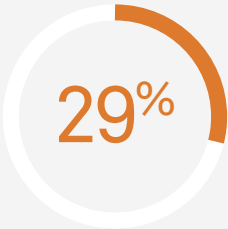
42

Average age



58

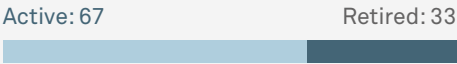
Current and
former CEOs



Current and
former CFOs



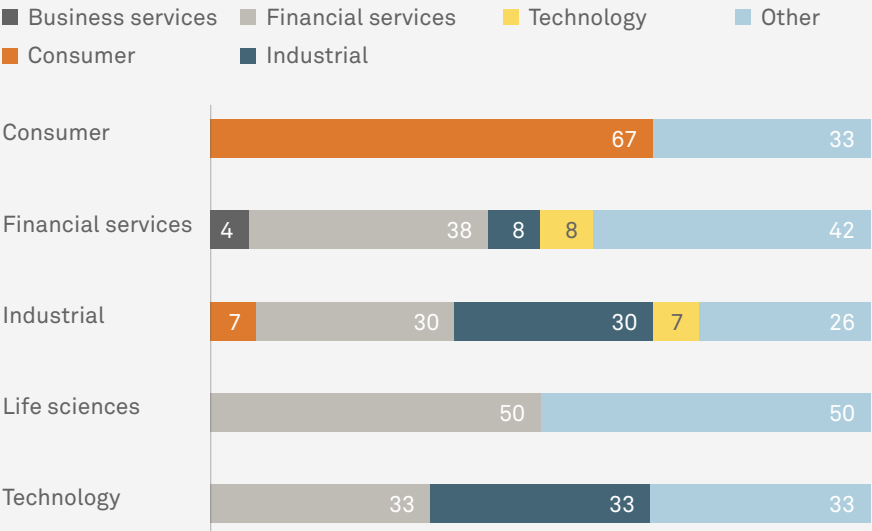
Active/retired executives (%)



Experience (%)

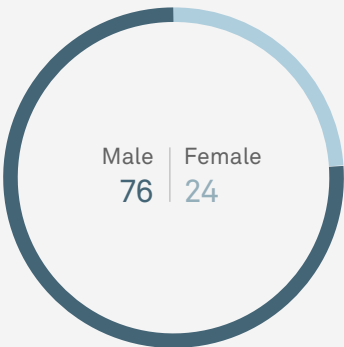


Distribution of previous industry experience, by industry (%)

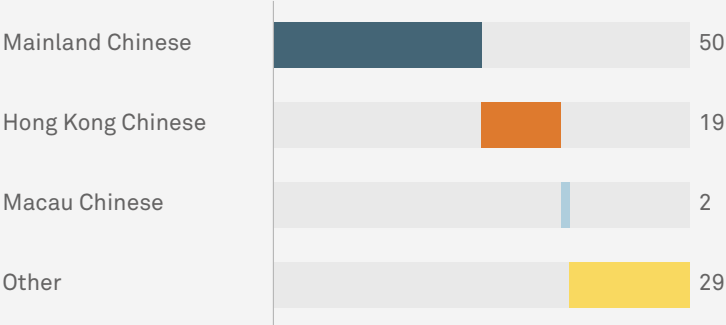


Note: There were no new appointments on business services boards in 2020.
Numbers may not sum to 100%, because of rounding.

Gender (%)



Nationality (%)



Looking ahead



Boards' commitment to their own effectiveness is lasting. We expect boards to intensify their focus on their role in supporting their organization's purpose, including continued commitment to having the right people on the board. We see boards innovating their refreshment processes, particularly, in many countries, with even stronger focus on expanding gender and racial and

ethnic representation. We also expect boards to expand their lens on diversity itself, to include nontraditional industry, functional, or regional experience in order to bring in new perspectives that will help companies maintain agility.

We expect the directors added this year, all in all, to be part of boards that are more diverse, more committed, and more agile than ever.

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CEO & Board Practice

Heidrick & Struggles' CEO & Board Practice has been built on our ability to execute top-level assignments and counsel CEOs and board members on the complex issues directly affecting their businesses.

We pride ourselves on being our clients' most trusted advisor and offer an integrated suite of services to help manage these challenges and their leadership assets. This ranges from the acquisition of talent through executive search to providing counsel in areas that include succession planning, executive and board assessment, and board effectiveness reviews.

Our CEO & Board Practice leverages our most accomplished search and leadership consulting professionals globally who understand the ever-transforming nature of leadership. This expertise, combined with in-depth industry, sector, and regional knowledge; differentiated research capabilities; and intellectual capital, enables us to provide sound global coverage for our clients.

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ONE LEADERSHIP TEAM AT A TIME®

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