



DIVERSITY IN CORPORATE ASIA

A REVIEW OF DIVERSITY AND INCLUSION
IN 200 MAJOR COMPANIES

carnstone
p a r t n e r s l l p

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Carnstone is a specialised management consultancy working globally at the intersection of corporate responsibility and business strategy. We have offices in London, Shanghai and São Paulo. Our expertise covers the full range of social and environmental topics – from supplier management to community investment. Rooted in a sound technical and commercial understanding, we provide advice and support to large companies, international organisations and NGOs.

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WHAT WE DID

ENABLING BETTER D&I CONVERSATIONS BETWEEN INVESTORS AND COMPANIES

The aim of this report is to understand “how does this research contribute towards our aim of enabling better conversations around diversity and inclusion between companies and investment managers?”

This box will appear when appropriate to give Carnstone’s suggestions for better D&I conversations between Asian companies and investors.

PURPOSE

We undertook this research for a very simple reason: to enable better conversations around diversity and inclusion (D&I). On the one hand, better conversations between investors and Asian companies to understand how and if companies’ human capital management strategies are as good as they can be. *Are you a quality company?* On the other hand, better conversations internally within Asian companies to understand if and how they are falling short of where they should be. *Are we a quality company?*

As such, we are not concerned about making the business case for D&I in the workplace. D&I, managed well, is a source of competitive advantage, measurably improving decision making, problem solving, creativity and innovation in companies. The case has already been done convincingly and consistently elsewhere¹. While unproven as an investment strategy, we are also leaning towards the belief that proper D&I management and reporting can serve as an excellent proxy for good corporate governance.

The research was funded by a major Investment Manager, with significant investments in listed companies in the Asia Pacific region. Their view is that making this analysis publicly available will enable them to have more informed discussions with existing and prospective investee companies, as well as driving awareness and the D&I agenda in the region.

¹ See, for example:
McKinsey (2015): ‘Why Diversity Matters’ series
<http://www.mckinsey.com/business-functions/organization/our-insights/why-diversity-matters>
Financial Times (2014): ‘The evidence is growing – there really is a business case for diversity’
<http://www.ft.com/cms/s/0/4f4b3c8e-d521-11e3-9187-00144feabdc0.html>

APPROACH



There is no one way of doing D&I, especially in a region as culturally and economically diverse as Asia (for the purposes of this report we include Australia in Asia). As a result, there are no established benchmarks or frameworks that can be readily applied to assess performance in an Asian context. Noting this, we created our own assessment template to understand and rank companies' D&I performance. The template is attached to this report (Appendix 1). For each company assessed, we measured its performance against 58 data points, some of which were weighted higher than others. The data points were divided into four categories as outlined below.

Category	Number of data points	Score available
Policy	10	6
Accountability mechanisms	4	8
Activities	6	18
Performance & disclosure	38	38
Total	58	70

When developing the assessment template and agreeing on the weighting of scores, we opted for an inclusive approach, awarding points when we saw evidence of the existence of policies, accountability, activities and KPIs, rather than judging their effectiveness.

On the upside, this means that all corporate activities – ranging from the existence of a written policy to the inclusion of caste in D&I programmes – were duly 'rewarded'. The downside is that no single company could ever realistically achieve a top score. The best performing company received a score of 37.5 out of 70. Again, we favoured this approach in the face of high levels of cultural and economic diversity within the region.

Actions speak louder than words. The weighting clearly favours actual activities and outputs over policies, processes and responsibilities that may exist in writing but not actually mean a great deal in practice. This decision was taken in close consultation with the commissioning Investment Manager and based on our own assessment preferences.

The research universe of 200 companies was selected by the Investment Manager. All publicly listed, the companies included represent a mix of sizes, industries and operating countries. Each company was chosen based on its status as a current or potential investee, or because it sits in the peer group of the former. Carnstone did not influence the selection of companies. All companies included in this exercise have been sent an electronic copy of this report.

Our research assessments were made based on a combination of submitted materials and publicly available information. Companies selected for the research were contacted in June and given a window of two weeks to submit any information that might inform the analysis. The request, along with an outline of the rationale behind the research, was sent through to Investor Relations contacts and/or named contacts with D&I responsibilities. Further to this, the assessment was carried out using information available in the public domain, specifically collected from Annual Reports, Corporate Responsibility Reports and/or corporate websites. Only 5% of companies provided information in response to our direct request.



LEADERS

Rank	COMPANY NAME	TERRITORY	INDUSTRY SECTOR	TOTAL SCORE	DIVERSITY AND INCLUSION CATEGORY			
					Policy	Accountability mechanisms	Activities	Performance and disclosure
					x 1 weighting	x 2 weighting	x3 weighting	x 1 weighting
					SCORE (Max. 6 points)	SCORE (Max. 8 points)	SCORE (Max. 18 points)	SCORE (Max. 38 points)
1	Dr Reddys	India	Consumer, Non-cyclical	37.5	2.5	8	18	9
2	CSL	Australia	Consumer, Non-cyclical	36	4	8	18	6
3	Hang Seng Bank	Hong Kong	Financial	35.5	5.5	6	12	12
4	Lenovo	China	Technology	32.5	5.5	8	15	4
5	Mahindra & Mahindra	India	Consumer, Cyclical	32	5	8	9	10
6	Godrej Consumer Products	India	Consumer, Non-cyclical	30.5	5.5	6	15	4
=7	Commercial Bank of Ceylon	Sri Lanka	Financial	30	3	6	12	9
=7	Mahindra & Mahindra Financial Service	India	Consumer, Cyclical	30	5	4	12	9
9	Kasikornbank	Thailand	Financial	29.5	5.5	4	9	11
10	Hemas Holdings	Sri Lanka	Diversified	29	4	6	12	7

The 10 companies demonstrating most commitment to D&I efforts are listed above. Representing five different industry sectors and six different countries/territories, they stand out for being in the top 5% for total scores achieved. It is interesting to note that the Asian D&I leaders are not clustered within a single industry or geography.

ENABLING BETTER D&I CONVERSATIONS BETWEEN INVESTORS AND COMPANIES

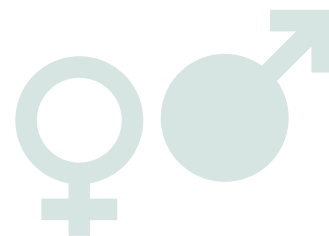
While these companies are outperforming the other 190 companies in this research group, they still have work to do. Few are extending themselves beyond the comfortable topics of gender and age and pushing innovative D&I activities that address diversity issues stemming from race or disability. Their reporting on diversity could also be improved, and conversations about how useful it is for investors to understand D&I performance could be useful in triggering greater openness. Is this timid reporting because companies are wary of disclosing information that they consider commercially sensitive, or are they worried about transparency leaving them open to criticism?

Looking at the breakdown of scores in the four categories (Policy, Accountability mechanisms, Activities, Performance and disclosure), all companies score reasonably on policy and accountability. This is not surprising, since to set up an effective D&I programme management structures and processes are needed to operationalise it.

A much greater range of scores in the categories for activities and KPI disclosure reflects that most companies are undertaking a broad range of practical activities, but not reporting these activities through a KPI framework in a very proactive or systematic way. Three companies (CSL, Lenovo, and Godrej Consumer) are the most extreme examples, scoring 15 or above in Activities, but 6 or below for Performance and disclosure out of a maximum available of 38 points. Performance and disclosure generally is relatively disappointing among these leaders, with only three breaking into double figures.

At the other end of the spectrum, 30 companies failed to score a single point in the assessment, indicating that no information about D&I efforts was submitted in the process and no information was to be found in publicly available company documents and/or on their corporate website. This may not be an accurate reflection of these companies' positions and actual efforts on D&I, but external stakeholders such as investors, would have no way of knowing.

GENDER AND ETHNICITY



Gender and Ethnicity are two very important topics for diversity and inclusion. Yet for the 200 companies featured in this research, they receive very different levels of consideration for both KPI reporting and practical activities.

Gender is widely reported on, with 84 of the 200 companies providing information on gender balance for employees overall, and 121 for board level.

Ethnicity receives almost no attention in terms of KPIs, with only two companies reporting on the ethnic breakdown of employees overall, and only seven at board level.

Not a single D&I activity in the whole 200 company research group was focused on ethnicity. One example from outside the 200 companies is Commonwealth Bank of Australia Reconciliation Action Plan, supporting Aboriginal and Torres Strait Islander employees, featured on page 19 of this report.

One theory for the lack of activities and KPI reporting for race and ethnicity is that nationality is more important in Asia for diversity. However, only 32 companies include nationality in their D&I policy, while 89 include race or ethnicity. A more plausible explanation is that race and ethnicity is both a very difficult topic to tackle, and also not as high up the priority list for Asian countries and the companies that operate there.

Genuinely multi-ethnic countries such as Malaysia and Singapore are very much in the minority, with relative ethnic homogeneity the norm across Asia. In contrast, gender is a topic which has quickly gained prominence as Asia has climbed the economic ladder and women demand more equality as their economic independence increases. Companies recognise the importance of improving gender balance, but are slower to see the benefits for increasing ethnic or national diversity.

ENABLING BETTER D&I CONVERSATIONS BETWEEN INVESTORS AND COMPANIES

We would like to understand why the benefits of an ethnically or nationally diverse workforce or board are not recognised by companies. Do they understand the benefits, but see the solutions as costly and difficult? Improving gender diversity can be seen as an easier D&I topic, but does it have to come at the cost of racial (or age or disability) diversity efforts? How can companies use the successful strategies and activities for gender to tackle a lack of ethnic diversity?

D&I Topic	Employees overall	Manager level	Director level	Board level	And/or other categories, e.g. by function	TOTAL
Gender	84	49	47	121	25	326
Age	41	9	16	40	14	120
Disability	32	0	1	0	1	34
Ethnicity	2	2	1	7	1	13

Instances of D&I KPIs disclosed by the 200 companies studied, by topic and job position





FINDINGS

Research scores out of a possible 70

Median: 8.8

Average: 11.1

OVERALL FINDINGS

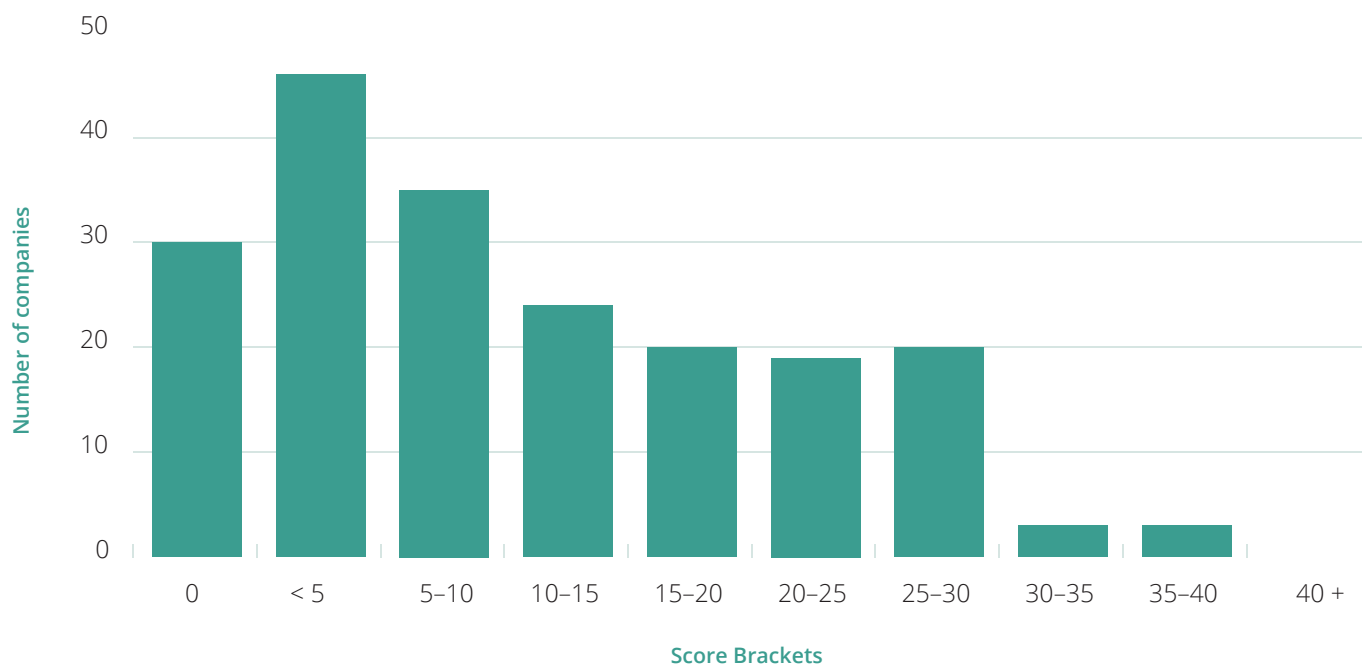
So what does a careful reading of the data tell us?

Firstly, it is lonely at the top. The number of companies managing D&I well, as reflected in a high total score, is severely limited. Even within the top 10-scoring companies, the leading company achieved a significantly higher score than the company ranked 10th.

Secondly, the number of companies demonstrating little or no attention to managing D&I activities is high. 111 out of the 200 companies achieved a score below 10, of which 30 achieved a score of 0.

In other words, the majority of companies in our research universe largely ignore – or at least show no signs of managing – D&I as a strategic business issue. This suggests that awareness and understanding of D&I as a driver of competitive advantage is limited to ‘an enlightened few’. It may also indicate that investors do not request D&I disclosure, providing little incentive for companies to be transparent about their efforts.

DISTRIBUTION OF D&I SCORES



TAKING THE TOP SPOT



DR REDDY'S

Rank: 1 Score: 37.5

Headquartered in Hyderabad, India, Dr Reddy's Laboratories is a highly successful pharmaceutical conglomerate employing 20,300 people with a commercial presence in 26 countries.

Operating with the explicit purpose of accelerating access to affordable and innovative medicines, the company's approach to D&I is central to its commercial strategy. This is reflected in its HR practices which are centred around equal opportunity, diversity, fairness and meritocracy. For example, job candidates are evaluated using a standardised 'Competency-based Interviewing Technique' (CBIT) to reduce bias in the recruitment process, and serious effort has been made to recruit from a wide pool of talent.

In addition to reputed colleges and institutions, the company also visits engineering colleges in semi-urban and rural locations during campus hiring drives. Once employed, staff benefit from high levels of personal empowerment, training and development opportunities as well as policies to support a healthy work-life balance. Employees are paid higher referral bonuses for referring talented candidates with disabilities, and the company has ongoing tie-ups with agencies and NGOs to attract differently-abled talent. These efforts, and many more, are actively reflected at and supported by the top layers of management.

Senior HR Manager, 1 September 2016

One example of the ways in which our HR and CSR goals are aligned to D&I includes our project to encourage differently abled people to join mainstream work through a skills development program lasting 60 days developed by the Dr. Reddy's Foundation. Differently abled youths aged between 18-30 years are given training in market driven skills which enable them to gain a suitable opportunity in the job market. Most of them are already into mainstream jobs.

Our Apex Diversity Council is chaired by the Chairman and CHRO. Its members include Business Heads & Women Representatives from Sales, Manufacturing and R&D verticals who head the Local Diversity Councils (LDU) of each BU, and Head of Corporate Communications.

Progress is tracked at the Council's quarterly meetings. Their focus areas include gender diversity, creating a friendly and supportive environment for the differently abled and fostering an inclusive and unbiased culture for diverse nationalities. During the first half of 2016, the Council has overseen these successes

- *Boosted diversity hiring from 8% to 9.3% by placing mandatory slates on women's CVs across all business units, and introducing "comeback careers programme" for returning mothers*
- *The launch of the "buddy mothers" program to complement the existing maternity counselling services in an attempt to further build inclusivity*
- *A training workshop was also organized around unconscious biases for 30+ senior leaders*

To create an effective D&I programme companies need to begin by getting top-level sponsorship and then understanding how their D&I goals relate to the goals of the business. Clear metrics should be chosen to measure progress, in order to effectively assess and modify the program. A diversity council should be set up to keep a track on this progress.

"We find that investors do ask about sustainability issues, as these are a good indications of company culture and management style, especially an issue like D&I. For us, investing in the right people management systems, including D&I, will bring long term success."

**DR REDDY'S
INVESTOR RELATIONS
26 AUGUST 2016**



WHAT ARE OTHER LEADERS DOING?

LENOVO

Rank: 4 Score: 32.5

Lenovo Group Ltd. is a Chinese multinational technology company with headquarters in Beijing, China, and Morrisville, North Carolina, United States. It designs, develops, manufactures and sells personal computers, tablet computers, smartphones, workstations, servers, electronic storage devices, IT management software and smart televisions.

Since buying IBM's personal computing division, Lenovo has become the world's largest personal computer vendor by unit sales, with over 60,000 plus employees in more than 60 countries. Lenovo's Chief Sustainability Executive, Peter D Hortensius, was previously an IBM employee, and it is interesting to note how much of Lenovo's progressive D&I programme is as a result of the IBM takeover.

Lenovo has inherited a series of D&I activities as a result of the IBM purchase, such as US-centric activities like a commitment to being an "Affirmative Action — Equal Opportunity Employer" and a supplier diversity programme which also includes veteran-owned businesses.

However, the Women in Lenovo Leadership (WILL) was launched on International Women's Day in 2007, two years after the IBM takeover. WILL aims to support women's professional growth at Lenovo and has regional leaders in four continents. The regional leaders are responsible for organising developmental activities for female colleagues based on their needs and interests.

Lenovo also has a number of other D&I activities, including LGBT employee groups and forums, university scholarships for women in the US majoring in maths, science or engineering, and book groups for minority employees in the US to discuss writing about the development of leadership, professional and personal skills.

Apart from the WILL programme, Lenovo does not tell us if any D&I activities are happening outside the US. Lenovo has inherited a great D&I programme, but from its annual reporting, does not seem to be putting it to use in Asia.



GODREJ CONSUMER PRODUCTS

Rank: 6 Score: 30.5

Godrej Consumer Products is an Indian fast moving consumer goods company, building a presence in three emerging markets (Asia, Africa, Latin America) across 3 categories (home care, personal wash, hair care).

Godrej Consumer Products has a variety of internal and external D&I activities, showing a breadth of activity that few other companies in the research universe can match.

Internally, the Godrej Alliance for Parents enables staff and their partners to share child care and work-life balance experiences through parenting sessions and workshops, while the Godrej Women's Leadership Network offers mentoring, leadership development and regular networking opportunities. The company also has a second careers programme for women who have taken a career break, who are offered "aspirational and challenging projects across sectors and functions"², with added flexibility to help them balance their career and personal needs. At Godrej's own manufacturing plant, women leaders are being prepared for management roles, "with 10 women team members working and handling shift operations."³

Externally, Godrej has trained one million youths in skills that will enhance their earning potential, including beautician training for low income women, rural entrepreneurship training for women and sales training for general trade. The company also organised a session for low-income group women on entrepreneurship in collaboration with the Foundation for Low Income Group and Social Health, where women gained insights regarding self-employment opportunities. At Godrej's Malanpur factory, a community needs assessment was carried out and projects initiated to meet those needs. One project aims to improve educational level and employment opportunities for disadvantaged castes, tribes and people with disabilities, and factory managers have targets for recruiting from these categories. Godrej's Sustainable Procurement Policy also recommends suppliers take the initiative to recruit a diverse and inclusive workforce in terms of gender, experience, and ethnicity.

Godrej is to be commended for its range of D&I activities, but the company fails to provide details on the results and impacts of these projects. For example, until we know if women who received entrepreneur training went on to run their own businesses, we cannot know if the resources invested produced a diversity impact.

² Godrej Annual Report 2015, page 72

http://www.godrejcp.com/Resources/uploads/reports/GCPL%20Annual%20Report_2015-16.pdf

³ Ibid, page 98



ASUSTEK

Rank: =11 Score: 28.5

ASUSTeK Computer Inc., is a Taiwanese multinational computer hardware and electronics company and OEM manufacturer.

Asus has a solid base from which to build a great D&I programme, and has chosen D&I activities with the potential for high impact. However, Asus commits a glaring error of judgement by employing “5 visually impaired massage therapists to provide massage therapy at the healthcare rooms and clinics at the headquarters and at the Chengde Office”⁴. By doing so, Asus contributes to the problem that, in China, massage is seen as the only employment choice available to the visually impaired, and that disabled people in general are limited to careers that society deems them capable of.

Aside from this mistake, Asus does have good D&I activities, and one digital inclusion project aims to bring about “equal opportunities of using information regardless of education level, sex, age, race, and place of residence” through helping disadvantaged groups by “installing digital basic hardware equipment; developing digital learning capabilities, and providing moral education and cultural preservation.”⁵ However, details of these projects are limited, and Asus only reports on number of computers donated, or lessons completed, rather than showing what positive outcomes these activities actually have on their target groups.

Asus scores highly in our report, and rightly so, since the company is engaging with D&I in a much more meaningful way than 95% of the other 200 companies in our research universe. However, Asus has a long way to go. The company should think carefully about how the company's actions can reinforce damaging perceptions of what less-abled people are capable of, and the company should seek to measure and report the positive outcomes of its laudable D&I activities.

4 Asus 2015 CSR Report, page 72 http://csr.asus.com/english/file/ASUS_CSR_2015_EN.pdf

5 Ibid, page 71



MTR CORPORATION

Rank: =11 Score 28.5

MTR runs Hong Kong's Mass Transit Railway (MTR) and also operates railways in different parts of the world, with rapid transit contracts in London, Stockholm, Beijing, Shenzhen, Hangzhou, Melbourne, and Sydney.

Hong Kong faces serious labour shortages, while at the same time MTR has been increasing the size of its workforce due to network expansion. MTR has tackled this head on through its D&I programme and for the past three years, MTR has been ranked in the top five most attractive employers in Hong Kong.

MTR Human Resources Manager, 23 August 2016.

One of the largest business benefits for our diversity and inclusion initiative is that staff feel they are treated fairly, and that during recruitment, promotion and reward decisions only their performance matters. In our 2012 staff attitude survey, over 80% of staff said we were a good employer, and this is in part because of our diversity and inclusion activities.

We adopt a Board Diversity Policy, and this means that different ideas and concerns are raised at the very top of our company.

Hong Kong has a labour shortage problem, and this has created challenges to maintaining diversity as we need to balance with our need to meet our manpower demand for business growth and development. We also have recruited non-ethnically Chinese frontline staff. To ensure inclusion by other staff and understanding of safety procedures, they need to meet the job requirement of being able to communicate in Chinese.

Another diversity initiative is our summer internship programme for university students with disabilities or special education needs under the Government's Talent-wise Employment Charter. These students get great exposure in MTR to help further their future career path, and we also offer training to their supervisors in addressing the special needs of the students. To demonstrate the Corporation's commitment in providing equal opportunities, we now employ over 200 full time staff with disabilities.

Our business is customer-focused, and Hong Kong is a very diverse place with all kinds of races, ages and physical abilities. One of the great benefits of having an internal diversity and inclusion programme is that we also think very hard about how we accommodate the many types of customer we serve. We have an ongoing programme to make our facilities accessible to more people, and to train our customer-facing employees to serve our diverse customer base in the most effective way.



NEWCREST MINING

Rank: =17 Score: 26.5

Newcrest Mining Limited is an Australian-based corporation which engages in the exploration, development, mining and sale of gold and gold-copper concentrate. Its operations have expanded beyond Australia into Papua New Guinea and Indonesia.

Unsurprisingly in a very male-dominated industry, Newcrest Mining has focused on creating a women-friendly working environment, including increasing the representation of women in management, increasing the proportion of women accessing programmes aimed at accelerating development, and also increasing the representation of women selected for the graduate programme.

However, unlike many other Asian companies, the company has set clear KPIs to measure efforts to improve the gender balance. In June 2015, 13.7% of managers were female, with a target of 16% female managers by the end of 2016.

The company's Accelerated Development Programme gives structured support to high-potential employees to accelerate through the company. At the end of 2014, the Accelerated Development Programme was 17.9% women, and by the end of 2016, the target is to achieve a minimum of 20%. Newcrest claims to invest heavily in its student scholarship and internship programmes, and by the end of 2016, the company has a target to increase women on its graduate programme to a minimum of 40%.

Newcrest has clear and measurable targets for improving the company's gender balance, but how the company will achieve these targets is not made clear. Both the Accelerated Development Programme and investment in the student scholarship and internship programmes are held up as ways the company will improve gender balance, but without any details of what activities within these programmes will achieve this goal.



INDUSTRY SECTOR FINDINGS



The analysis included companies from 10 different industries, with heavy concentrations within the Consumer (cyclical and non-cyclical combined), Financial and Industrial sectors. Between them, these three sectors account for three quarters of the 200 companies. The uneven distribution across industries means it is impossible to draw any firm conclusions as to which industries are leading on D&I, which are not and why that might be the case.

However, the average scores indicate that D&I may be more of an important topic in knowledge-intensive industries such as Technology and Financial compared with Consumer. One possible conclusion is that the competition for talent is fiercer within these sectors. To support this thesis, of the 30 companies achieving a score of 0, no less than 17 are in the Consumer sector, while Technology and Financial only 'contribute' one and four, respectively.

INDUSTRY SECTOR	AVERAGE SECTOR SCORE	COMPANIES WITHIN SECTOR	TOP-SCORING COMPANY (SCORE)
Energy	27	1	Oil Search (27)
Technology	17.1	11	Lenovo (32.5)
Diversified	14	8	Hemas Holdings (29)
Basic Materials	12.5	12	BHP Billiton (27.5)
Financial	12.1	43	Hang Seng Bank (35.5)
Communications	12.1	11	Axiata / Globe Telecom (24)
Industrial	10.6	28	MTR Corporation (28.5)
Consumer, Non-cyclical	9.9	49	Dr Reddy's (37.5)
Utilities	9.8	5	HK China Gas (25)
Consumer, Cyclical	8.1	32	Mahindra and Mahindra (32)

Top sector =
Technology
(average score of 17.1)*

Bottom sector =
Consumer, Cyclical
(average score of 8.1)*

*Excluding sectors with fewer than 10 companies in the research group





COUNTRY/TERRITORY FINDINGS

Top country =
Sri Lanka (average
score of 14.7)*

Bottom country =
Singapore (average
score of 3.8)*

*Excluding countries with fewer
than 10 companies in the research
group

Another way of breaking down the analysis is by country/territory. The analysis included companies from 17 different countries/territories but as was the challenge with the breakdown by industry, the uneven distribution makes it difficult to draw any firm conclusions.

If we focus on the countries/territories contributing many companies to the research universe (20+), we notice that India scores above – and Hong Kong well above – the overall average (11) and median (9) scores. Chinese and Singaporean companies, on the other hand, score well below their peers in other countries, with an average score of just 6.5 and 3.8 respectively. The China score drops further to 4.5 if Lenovo – the top-scoring Chinese company – is left out. In fact, 12 out of the 14 Chinese companies in the research universe obtained scores below the overall median and average scores. From this perspective, there is little indication that home-grown Chinese companies consider and act on D&I as a business issue – their peers in Sri Lanka, Hong Kong, South Korea and India outscore them roughly by a factor of three. Why Singaporean companies are performing so badly is not clear, and we would have predicted an advanced economy in a diverse city to have scored better.

Conversely, at 24.7, the average score of Australian companies is exceptionally high, and only one of six Australian companies obtained a score below the median score. However, the low sample size (n=6) does not allow us to infer any wider conclusions from that.

COUNTRY	AVERAGE TERRITORY SCORE	COMPANIES PER COUNTRY	TOP-SCORING COMPANY (SCORE)
Territories with 10+ companies			
Sri Lanka	14.7	10	Commercial Bank of Ceylon (30)
Hong Kong	13.4	24	Hang Seng Bank (35.5)
South Korea	12.4	10	Samsung Fire & Marine (22.5)
India	12.1	67	Dr Reddy's (37.5)
Taiwan	10.1	17	Asustek (28.5)
Japan	9.5	12	Nabtesco (25)
China	6.5	14	Lenovo (32.5)
Singapore	3.8	10	DBS (22)
Territories with <10 companies			
Australia	24.7	6	CSL (36)
Thailand	21.8	2	Kasikornbank (29.5)
Malaysia	17.3	3	Axiata (24)
Philippines	8.2	6	Globe Telecom (24)
Indonesia	7.2	7	Unilever Indonesia (19)
Bangladesh	6.7	5	Brac Bank (15.5)
Philippines	6.3	2	Globe Telecom (24)
Vietnam	6.0	2	Vietnam Dairy Products/Vinamilk (6.5)
Pakistan	1.5	2	Linde Pakistan (3)
Myanmar	1.0	1	Myanmar Investments (1)

CASE STUDIES FROM OUTSIDE THE 200 COMPANY UNIVERSE



SINGTEL – WOMEN IN LEADERSHIP

Singapore is usually highlighted as a leader on gender equality. Women's literacy is 93.8%, and over half of students entering universities are female. In the corporate world, women's participation in the workforce is increasing, but two well-known challenges remain: women's presence in traditionally male dominated sectors is still low, and women are under-represented at senior levels, especially on boards.

Singtel, a telecommunications group with operating companies in Singapore and Australia, has successfully tackled both of these challenges. The ICT sector continues to be heavily male dominated and only 8.8% of board members in Singapore are female. However, 33% of Singtel's board members are female, including the CEO. At the levels of upper and middle management, women fill 30% of positions. While there is still some way to go, the progress made so far stems from a multifaceted strategy to build a durable pipeline of female talent, increase awareness and advocate goals across the organisation, as well as providing women with networking, coaching and mentoring opportunities.

Ms Chua Sock Koong, Singtel's Group CEO, is clear about why diversity is a good thing: "The diversity on the Singtel Board creates an environment for robust discussions and better-informed decisions. This is especially important for a rapidly evolving industry like ours, where innovative thinking is key to the long-term success of the company."

<http://info.singtel.com/sustainabilityreport2016/07A.html>

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HITACHI GROUP JAPAN – WORK-LIFE BALANCE

Work-life imbalance is a big issue in Japan, and the country's deeply ingrained family patterns have resulted in very significant gender inequalities across society. The Government is aware of the challenge, especially the economic imperative of getting more women in the labour force.

This is also a corporate challenge, restricting the availability and progression of talent. Expensive and limited childcare facilities combined with long working hours have made it very difficult for women to hold senior-level company positions. Starting in the 1990s, Hitachi Group, the multinational corporation specialising in technology and services, has made a concerted effort to enable employees to better manage their work and family life. The company set up an in-house child care centre in 2003 which is open on weekdays between 7am-8pm.

Hitachi also allows employees to work shorter hours or from home to take care of their family. Both female and male employees can take fertility treatment leave for prenatal medical and pregnancy problem leave as well as child/nursing care leave. For those parents returning to work, Hitachi provides support seminars to ease the transition back to work-life.

http://www.hitachi.com/csr/download/pdf/csr2015e_print.pdf

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Diversity in Asia Network (DIAN)

DIAN is a network of companies committed to promoting diversity and inclusion in Asia. Established in 2008, the network contains 50 organisations spanning many industries. DIAN offers meetings and networking opportunities, as well as access to research. DIAN is run by the Hong Kong NGO Community Business, whose network is focused on the Chinese territory. The majority of DIAN members are multinational companies with global headquarters outside of Asia, meaning that appeal for Asian firms may be limited. Of the 200 companies in our research company universe, only Swire (research score 26, ranked 20th) and Unilever Indonesia (research score 19, ranked 50th) are members of DIAN.

LEAPFROGGING THE WEST

Diversity and inclusion efforts in listed Asian businesses are not as developed as they are in American and European companies; Western peers have invested significant resources into D&I management over the past 20-30 years. In the Asia Pacific region, previously identified trends moving the topic up on the corporate agenda include an ageing population, more women in the workforce, higher expectations around work-life balance and not least increased competition for talent as a result of economic growth.⁶ In addition to this, companies are getting used to a world, powered by social technology, where past notions of private vs public matters are up for negotiation. The social conduct of companies is no longer a private issue.

Companies in the region will have to figure out for themselves how best to respond to this changing environment. In developing their own responses, the good news is that they can draw freely on the lessons learned by their Western peers, perhaps avoiding some of the mistakes made in the past. Harvard Business Review, in a recent issue focusing particularly on corporate D&I, provided some clear recommendations.⁷ Namely, companies do a better job of increasing diversity when they depend less on control tactics and more on positive engagement and framings. The companies managing diversity most successfully in a Western context have three things in common:

- They spark employee engagement through voluntary rather than mandatory initiatives (e.g. through mentoring programmes);
- They increase contact among different employee groups – there is no substitute for working side-by-side when breaking down stereotypes (e.g. self-managed teams and rotating placements); and
- They encourage social accountability, building mechanisms to increase transparency and thereby tapping into people's desire to look good to others (e.g. diversity task forces, openness about diversity performance down to the level of units/departments).

Time will tell if these maxims hold true for Asian companies. The race is on.

6 Mercer (2013): "Diversity & Inclusion: An Asia Pacific Perspective" [<http://www.mercer.com/content/mercer/asia-pacific/in/en/insights/point/2013/diversity-and-inclusion-asia-pacific.html>]
7 Harvard Business Review (2016): "Why Diversity Programs Fail" [<https://hbr.org/2016/07/why-diversity-programs-fail>]

ENABLING BETTER D&I CONVERSATIONS BETWEEN INVESTORS AND COMPANIES — SUMMARY

The 200 companies featured in this research are at different stages of D&I engagement, and conversations could be tailored according to their overall and specific category scores.

0–4 POINTS (70 COMPANIES)

Diversity and inclusion is not as well known a concept in Asia as in the West, and company managers may not understand what it is, its potential business benefits, or why investors may ask about it. However, the issues covered in D&I may be familiar to these managers, and for some companies it may be a matter of helping them reframe existing activities as part of a D&I programme, for example merit-based recruitment. Other Asian companies may be wary of the concept of D&I, since it touches on issues such as race and sexuality that present difficulties in more traditional societies. Others may view the concept as a Western imposition, or as unnecessary corporate bureaucracy. Effective conversations with these companies should be about showing understanding of the cultural reasons for why they may not have acted yet on D&I, and demonstrating the value of D&I to them without preaching. This demonstration could be by showing them companies from the same industry and/or country who do have effective D&I programmes.

5–10 POINTS (42 COMPANIES)

These companies will have some knowledge of D&I. All 41 companies score points for all or some of a D&I policy, and often have a couple of D&I activities. For these companies, D&I may not be connected with their core business aims yet, and choosing the right topic to show the benefit of D&I is key. For companies in this bracket, gender-based diversity offers a relatively uncontentious form of improvement with easy to gauge results.

11–25.5 POINTS (66 COMPANIES)

Companies in this bracket have usually set a good foundation for D&I through policy and accountability, and are already putting D&I into practice through a number of activities. Conversations with these companies could be around sharing the best practice of the advanced group of companies, or looking at how to improve reporting or increase the number of relevant D&I activities, the two areas that prevent them from reaching the leading group of companies.

26+ POINTS (22 COMPANIES)

While these companies are outperforming the other 178 companies in this research group, they still have work to do. Few are extending themselves beyond the comfortable topics of gender and age and pushing innovative D&I activities that address diversity issues stemming from race or disability. Their reporting on diversity could also be improved, and conversations about how useful it is for investors to understand D&I performance could be useful in triggering greater openness. Is this timid reporting because companies are wary of disclosing information that they consider commercially sensitive, or are they worried about transparency leaving them open to criticism?

APPENDIX 1

AN OVERVIEW OF THE TEMPLATE USED TO ASSESS COMPANIES

Strategy and process (32 points)

Topic	Score breakdown	Further details
Policy	A written D&I policy exists Board coverage (1 point) Employee coverage (1 point) Policy includes reference to: Age (0.5 points) Race/ethnicity (0.5 points) Disability (0.5 points) Religion or belief (0.5 points) LGBT (0.5 points) Gender (0.5 points) Disability (0.5 points) Other cultural or social traits (e.g. relating to caste, indigenouness, economic or family background, etc.) (0.5 points)	6 points maximum (Weighting: 1)
Accountability	D&I strategy is visibly endorsed / promoted by executive management, e.g. the CEO (1 point) Clear indication given as to who owns D&I and how it is governed (1 point) Forward looking statement on D&I objectives / desired outcomes (1 point) Evidence that D&I activities and performance are reported on externally consistently and frequently (at least annually) (1 point)	8 points maximum (Weighting: 2)
Activities	Description of activities undertaken to promote D&I (1 point) Description of measures taken to promote D&I in the company's value chain (1 point) Evidence the company is actively involved in sector or national D&I initiatives involving industry partners (1 point) Evidence that D&I is integrated into human resource management strategy through: <ul style="list-style-type: none">• D&I training of people with recruitment responsibilities or other senior decision-makers (1 point)• D&I retention mechanisms, e.g. mentoring programmes, fast track schemes or training (1 point) Recruitment programmes / practices with specific D&I focus, e.g. apprenticeship schemes, using specialist recruitment agencies or recruitment events targeted at under-represented groups (1 point)	18 points maximum (Weighting: 3)



Performance metrics (38 points)

Topic	Score breakdown	Further detail
Ethnicity in the workforce (max 5 points)	Company provides ethnic/race breakdown of its workforce by: Employees overall Manager level Director level Board level And/or other categories, e.g. by function	5 points maximum [One point per category reported on]
Gender representation in the workforce	Company provides male/female split of its workforce by: Employees overall Manager level Director level Board level And/or other categories, e.g. by function	5 points maximum [One point per category reported on]
Age representation in the workforce	Company provides age breakdown of its workforce by: Employees overall Manager level Director level Board level And/or other categories, e.g. by function	5 points maximum [One point per category reported on]
Disability in the workforce	Company provides disability breakdown of its workforce by: Employees overall Manager level Director level Board level And/or other categories, e.g. by function	5 points maximum [One point per category reported on]
Length of service	Company provides breakdown of average length of service across the workforce for: Ethnicity Gender Age Any other demographic [see question 1]	4 points maximum [One point per category reported on]
Pay	The total, average and median pay (excluding and including bonuses) by: Ethnicity Gender Age Any other demographic [see question 1] [One point per category (a, b, c) reported against total pay (max 3 points); one point per category (a, b, c) reported against average pay (max 3 points); one point per category (a, b, c) reported against median pay (max 3 points); One additional point awarded if the company can provide the data above BOTH including and excluding bonuses]	12 points maximum
Paternity and maternity leave	Maternity leave, record number of weeks Paternity leave, record number of weeks	2 points maximum [One point per category reported on]

APPENDIX 2

TOP 30 PERFORMING COMPANIES

Rank	COMPANY NAME	TERRITORY	INDUSTRY SECTOR	TOTAL SCORE	DIVERSITY AND INCLUSION CATEGORY			
					Policy	Accountability	Activities	KPI disclosure
					x 1 weighting	x 2 weighting	x3 weighting	x 1 weighting
					SCORE (Max. 6 points)	SCORE (Max. 8 points)	SCORE (Max. 18 points)	SCORE (Max. 38 points)
1	Dr Reddys	India	Consumer, Non-cyclical	37.5	2.5	8	18	9
2	CSL	Australia	Consumer, Non-cyclical	36	4	8	18	6
3	Hang Seng Bank	Hong Kong	Financial	35.5	5.5	6	12	12
4	Lenovo	China	Technology	32.5	5.5	8	15	4
5	Mahindra & Mahindra	India	Consumer, Cyclical	32	5	8	9	10
6	Godrej Consumer	India	Consumer, Non-cyclical	30.5	5.5	6	15	4
=7	Commercial Bank of Ceylon	Sri Lanka	Financial	30	3	6	12	9
=7	Mahindra & Mahindra Financial Service	India	Consumer, Cyclical	30	5	4	12	9
9	Kasikornbank	Thailand	Financial	29.5	5.5	4	9	11
10	Hemas Holdings	Sri Lanka	Diversified	29	4	6	12	7
=11	ASUSTeK	Taiwan	Technology	28.5	5.5	6	9	8
=11	MTR Corp	Hong Kong	Industrial	28.5	5.5	4	12	7
13	Dabur	India	Consumer, Non-cyclical	28	4	6	15	3
14	BHP Billiton	Australia	Basic Materials	27.5	4.5	8	12	3
=15	Castrol India	India	Basic Materials	27	4	6	12	5
=15	Oil Search	Australia	Energy	27	4	6	12	5
=17	Chroma ATE	Taiwan	Industrial	26.5	3.5	6	9	8
=17	Infosys	India	Technology	26.5	5.5	6	12	3
=17	Newcrest Mining	Australia	Basic Materials	26.5	3.5	6	9	8
=20	Mahindra Lifespace	India	Financial	26	4	6	6	10
=20	Swire Pacific	Hong Kong	Diversified	26	4	6	12	4
=20	Swire Props	Hong Kong	Financial	26	5	6	9	6
=23	Delta Electronics	Taiwan	Industrial	25.5	4.5	4	9	8
=23	Godrej Industries	India	Basic Materials	25.5	5.5	6	12	2
=23	John Keels Holdings	Sri Lanka	Consumer, Non-cyclical	25.5	5.5	4	9	7

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