

Are private issuers closing the gender gap? Board diversity at the top 100 in China

State firms lag their private peers, male-only boards at nearly one in five companies, but encouraging result where firms appoint a woman to chair nomination committee

- Privately-owned firms have a higher rate of female directors at 20% compared to 14% average
- Highest number of women on board found at Inner Mongolia dairy firm but several top performers are in the tech sector
- Twenty of China's largest companies have single gender boards
- Issuers where a woman chairs the nomination committee have twice as many female directors
- Dual listings are much less likely to have male-only boards
- Four SOEs found to have more than 25% female directors

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Summary

Behind the headline figure of 14% female representation on boards among China's largest issuers there is some cause to be cautiously optimistic. While state firms appear true to form in lacking a progressive streak, the same cannot be said for their private counterparts.

The top performers in diversity terms are privately-owned enterprises and many operate in high-growth industries. They make silicon wafers, electronics components and lithium batteries—and they are nearly twice as likely to appoint women to their boards.

ACGA analysed the top 100 firms listed in the PRC (located on the Shanghai and Shenzhen stock exchanges) by market capitalisation. Among the state firms who dominate in terms of size, the highest rate of female board participation was 28% at China Securities¹. In the private sector, it was 45%, found at Inner Mongolia Yili, where five of its 11 directors are women. Although it ranked 56th in terms of size, the company is one of the world's largest dairy producers.

Another positive we discovered were the 12 issuers who have a female nomination committee chair. At these firms the number of women on their boards is double the average. Having a woman chair the NC also led to three times as many female independent directors at these companies. It may be a small statistical sampling, but we discovered a similar occurrence at the top 100 in Hong Kong in 2022.

Among the more sombre findings is the rate of single gender boards: this currently stands at 20% and eight of these firms have never had a female director. There were only three female board chairs to be found, and just five CEOs who are not men in the top 100. The average rate of women in senior management across the

¹ China Securities ranks 61st in terms of market capitalisation

board is 12%. On a more promising note, we did find 26 companies with a female CFO, and one diversity officer at Shanghai-listed health firm BeiGene.

With a high number of dual-listed firms in the top 100, we looked at whether overseas governance standards have a major influence on these companies. One in five of the top 100 in China have a secondary listing in Hong Kong. Among these 21 companies, the rate of female directors is identical at 14%. On the upside, only two had a single gender board. But a dual listing is much less likely to see significant numbers of women in the C-suite.

China's regulatory landscape contrasts to that of Hong Kong which will by 2025 mandate no single gender boards. Despite broader efforts to eliminate discrimination in China, declining birth rates are shifting focus toward women's roles in family life. Female participation in the workforce has dropped to 60% compared to 73% in 1990. Women earn 84% of the average male salary.²

Methodology and key findings

We examined issuers' annual and sustainability reports, websites and stock exchange announcements. The data is relevant as of the end of March 2023, although we have updated the information on single gender boards as of August 2023.

There were a number of challenges in the data collection process. Many issuers do not update their websites with the most recent developments in their board composition, including resignations and appointments. Locating details of nomination committee members and chairs in annual reports was particularly arduous, some issuers omitting to disclose whether they even had such a committee. It was always necessary to cross-check these details with stock exchange announcements, which proved time-consuming.

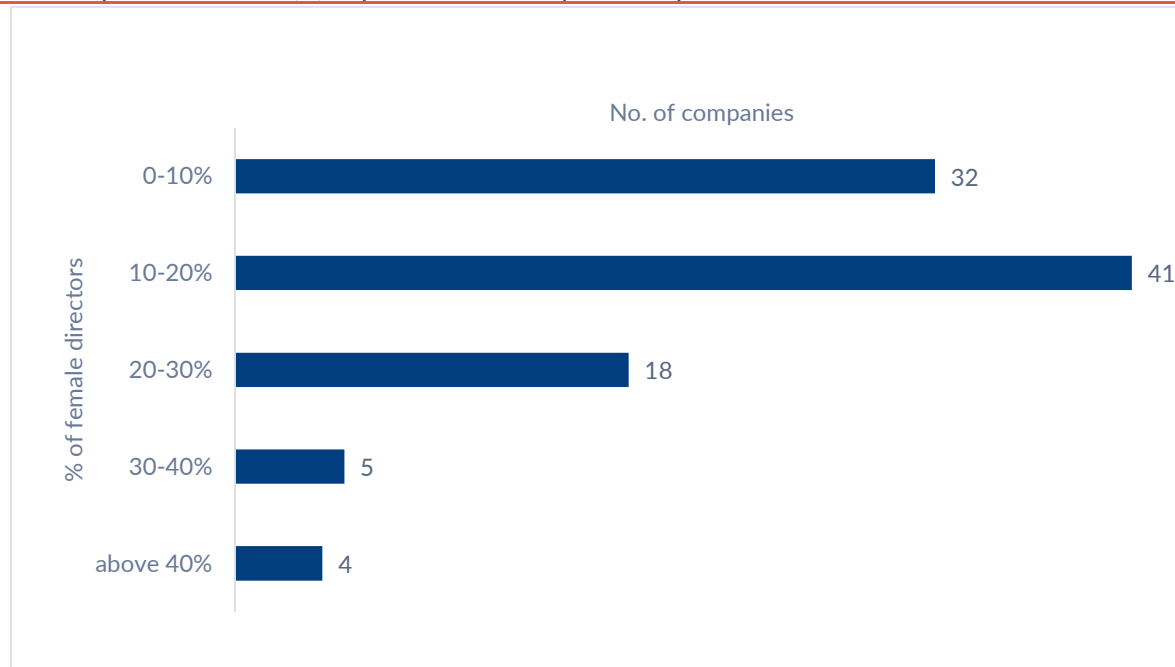
Inevitably there were changes as we finalised the data: a prime example was having one of the top-performing issuers from the state sector, Bank of China, crash from the top five SOEs to the single gender boards list between March and August after two female directors retired and were not replaced by women.

The headline figure we found is that the current rate of female directors serving on the top 100 boards in China is 14%. There are only nine companies where more 30% of the board is female:

² Latest figures are from 2019

Figure 1

Female composition on boards (%), top 100 PRC issuers by market cap, 2023

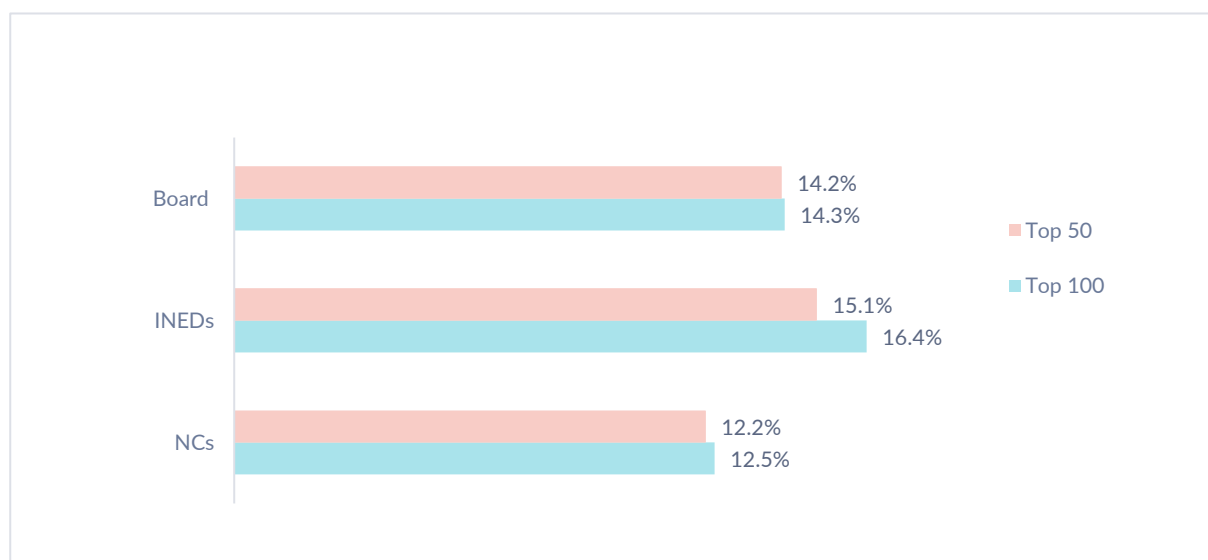


Source: Company websites, stock exchange websites, ACGA analysis³

We compared the findings at the top 50 and found that they did not fare better than their smaller counterparts, although they were less likely to have a single gender board.

Figure 2

Women on boards, female INEDs and female NC members (%) at the top 50 and 100 PRC issuers by market cap, 2023



* Note: INED = independent non-executive directors, NC = nomination committees.

³ All source material for research purposes is from company and stock exchange websites, with ACGA analysis

Analysing the picture of female representation on the board, it was disappointing to find just three female chairs and five CEOs who are women. This is against the backdrop of a significant number of single gender boards. Eight of these companies have never had a female director.

Figure 3

Key themes among boards in the top 50 and 100 PRC issuers by market cap, 2023

% (and number) of...	Top 50	Top 100
Male-only boards	12% (6)	20% (20)
Female board chairs	2% (1)	3% (3)
Female NC chairs	6% (3)	12% (12)
Female CEOs*	6% (3)	5% (5)
Companies with females in C-suite	32% (16)	38% (38)

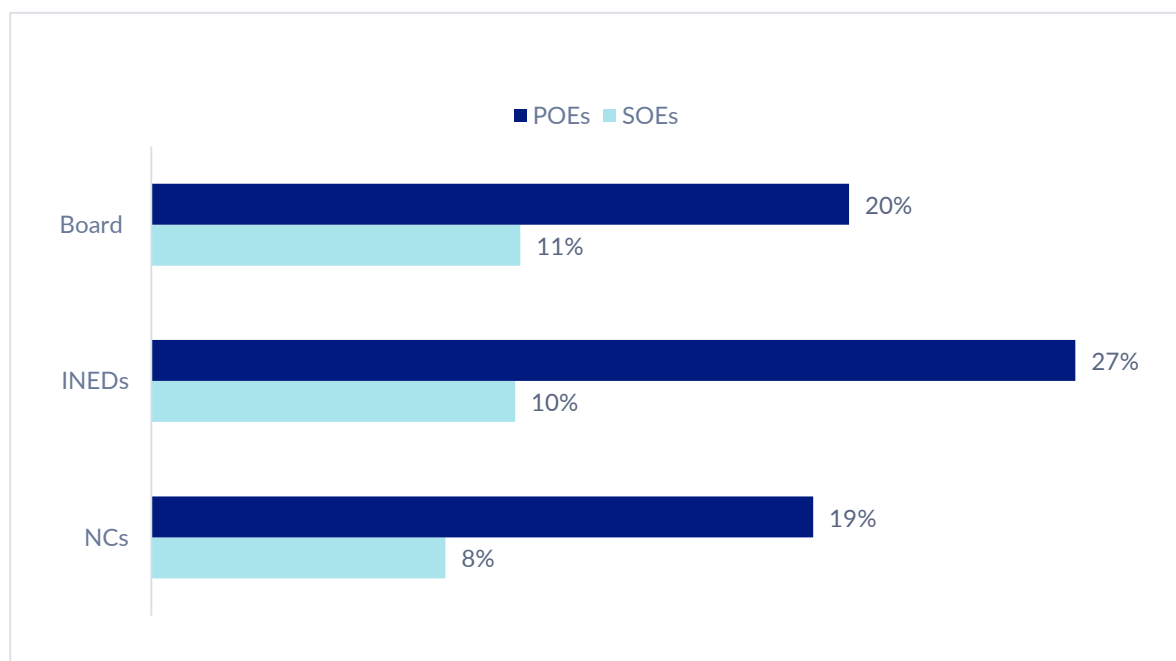
*This number includes Ping An's female co-CEO.

Private ownership raises the bar

State-owned entities significantly drag down the overall gender picture among China's leading companies. The rate of gender diversity among POE boards is 20%, nearly double that of SOEs.

Figure 4

Female representation on privately owned enterprises vs state-owned at the top 100 PRC companies 2023



Within the private sector, there are nine standouts with representation of at least 30% of women on their boards. Within this group, there are two family-owned entities, both led by women (Luxshare and Tong Wei). Being a bigger company does not seem to be a factor at play: the majority of POEs with a higher number of female directors can be found within the bottom 50 in terms of market capitalization.

Figure 5

Magic nine: the top POE performers in the top 100, 2023

Company	% female directors	Women in C suite?	% female senior management	NC chair?
Inner Mongolia Yili	45	CFO	43	F
TCL Zhonghuan	44	CHO	50	F
Luxshare Precision	43	CEO	17	F
Gangfeng Lithium	40	CFO	22	M
Tong Wei	38	CEO	10	F
Hygon Information Tech	36	CFO	9	F
East Money Information	33	CFO	20	M
JA Solar Tech	33	-	17	M
Yihai Kerry Arawana	33	CFO	40	-

There are a few common themes among these nine companies. Most have women in the C-Suite and more than half have a female nomination committee chair (see section below). Several of these companies are in the tech sector, with two lithium producers, a company which makes silicon wafers and another which manufactures electronics components.

Inner Mongolia Yili, one of the world's largest dairy producers, has the highest rate of female representation on its board at the top 100 at 45%. Five out of its eleven directors are female.

Among Yili's female executives are two workers' directors (appointed to represent employees in the firm) and there are two female independent directors. The youngest director is 51, while the oldest is 69 years old.

Taking second place among these nine is TCL Zhonghuan Renewable Energy Technology⁴, China's second-largest solar silicon wafer producer, with 44% female representation on its board. The issuer is a former state-owned enterprise, being acquired by consumer electronics giant TCL Corporation in 2020. TCL Zhonghuan's nine-member board includes four women: two executive directors and two independent directors. Interestingly, all four of these women assumed their positions during TCL Zhonghuan's tenure as a state-owned entity, in either 2016 or 2017.

In third place is Luxshare Precision, a family-owned electronic component manufacturer, with 43% gender diversity on its seven-member board. Apart from co-founder Wang Laichun, the board has two female independent directors. Luxshare Precision is only one of two companies among the top 100 where we were able to identify a board diversity policy with a target of having at least a third of its members as female.

Luxshare's Wang previously spent a decade at Foxconn before founding the company with her brother in 2004. She joined Foxconn from junior high school in 1988 and spent ten years assembling cable connectors at their Taiwan factory. Luxshare is well-known for providing parts for popular electronic devices, including those made by Apple, and is now one of Foxconn's major competitors. Wang Laichun's leadership role in the company has earned her recognition as one of China's prominent businesswomen.

⁴ Our market cap data is current as of March 2023, while as of August 2023, TCL Zhonghuan holds the 110th rank.

Gangfeng Lithium, one of the world's largest lithium producers, has a board where four out of 10 members are female. Among these is executive director Deng Zhaonan, who joined the company in 2004 after a decade in the lithium industry.

Hygon Information Tech and Tong Wei Co. Ltd have achieved percentages of 36% and 38% women on their boards, respectively. Founded in 2014, Hygon produces and distributes high-end processors.

Tongwei Co dates back to 1992, when it initially started out in the aquatic feed sector and went public in Shanghai in 2004. Under founder Liu Hanyuan, the company shifted its focus to the PV industry in 2006, ultimately becoming China's leading supplier of polycrystalline silicon. While Liu Hanyuan retired from his position as the company's Chairman in 2019, he remains its controller with a 35 percent stake, which he owns through parent company Tongwei Group.

Early this year, Liu Shuqi took the helm from her father at the age of 34. She graduated from Queen Mary University, London and worked at Tongwei as a director, assistant president, and general manager of the PV business department, where she was in charge of procurement and sales of the firm's silicon materials, batteries, and solar panels.

Four of a kind

State-owned firms may have dragged down the overall diversity score but we did find four where more than a quarter of their directors are female:

Figure 6

Top SOE performers in the top 100, 2023

Company	% Female directors	% Female INEDs	% Female NC members	Sector	Place of listing
China Securities	28	0	14	Financial Services	Shanghai, Hong Kong
NAURA Technology	27	25	0	Semiconductor	Shenzhen
Bank of Ningbo	25	20	0	Financial Services	Shenzhen
Anhui Conch Cement	25	66	66	Basic Materials (cement)	Shanghai, Hong Kong

Bank of Ningbo and NAURA Technology are noteworthy for having two women in the top echelons of management. The former has a female Vice President, Zhang Ningning, while NAURA has a woman President, Tao Haihong. A recent darling of China's sell-side analysts, Bank of Ningbo has Singapore's OCBC as a 20% shareholder. NAURA, a leading supplier of semiconductor equipment, has been showcased in state media as a success story of recent SOE reform as it overhauled its managerial system and introduced stock option initiatives. In 2018 the company was included in the 'Double Hundred Campaign', a State Council initiative to promote SOE reform.

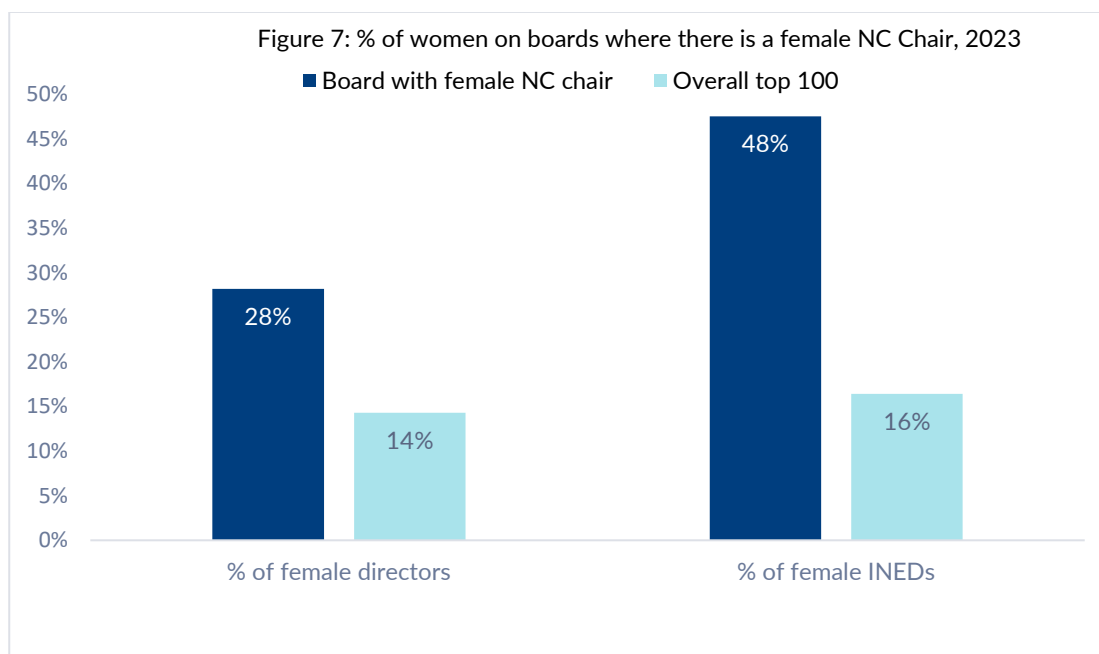
Bright spots: the F factor

In January 2022, ACGA published research into the top 100 listed issuers in Hong Kong. One of our key findings was that if a woman chaired the nomination committee, companies had a higher rate of female directors on the board. The average rate of female participation on the top 100 boards was 16%: but if a woman chaired the NC, the figure went up to 25%.

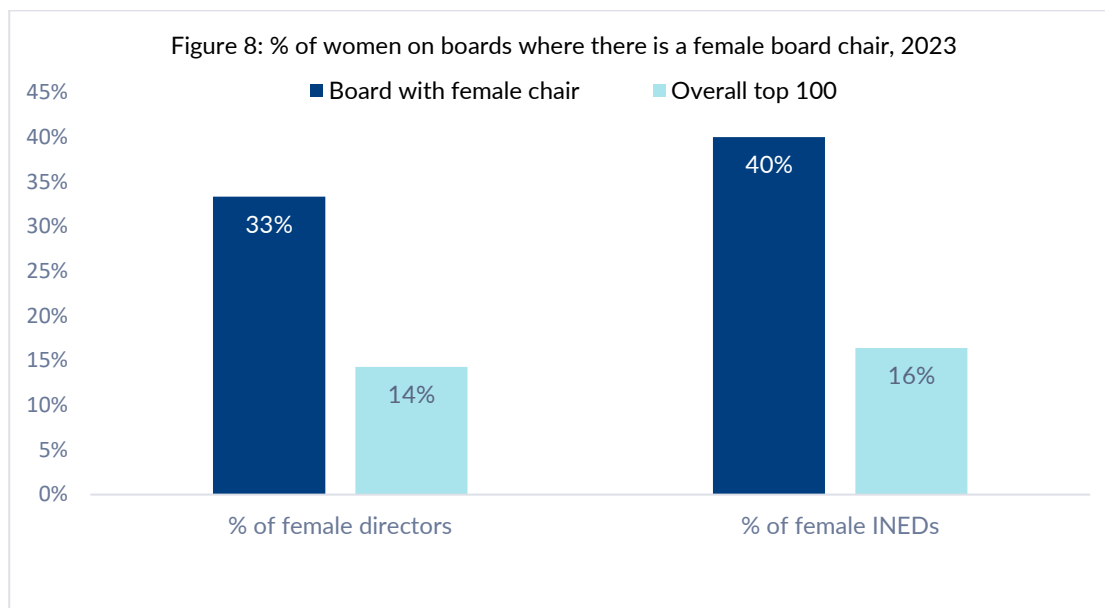
We were cautiously enthusiastic about this finding, given the small sampling (among the top 100 there were 12 female NC chairs.) But it did suggest that appointing a woman to chair the nomination committee could lead to more females joining the board.

It was also promising to note that having a female INED also boosted the average figure for women on boards. Companies in Hong Kong's top 100 with female INEDs on average had a rate of 20% women on their boards.

For PRC issuers, we found a similar—and even more encouraging—finding. There are a dozen companies with a female NC chair. At these firms, the percentage of female directors is twice the average at 28%. More striking is the fact having a woman as the NC chair leads to a significant spike in female INEDs: the figure triples to 48%.



We were only able to identify three companies where the board is chaired by a woman. Still, at these companies, a third of the board is female. Similarly, the number of female INEDs is significantly higher at 40%.



There are a dozen companies among the top 100 with a female NC chair. Additionally, one company (Gree Electric) has a female board chair but a man chairs the NC. Two companies—Luxshare and Tong Wei have women chairing both the board and the NC.

The majority of companies with a female NC chair are POEs: just two out of the dozen are state-owned (China Pacific Insurance and Anhui Conch Cement.)

Figure 9

% of female directors on boards with female board or nomination chairs

Company	Board Chair (M/F)	NC Chair (M/F)	% female directors	% female INEDs
Yili Group	M	F	45	50
TCL Zhonghuan	M	F	44	67
Luxshare	F	F	43	67
Tong Wei	F	F	38	33
Hygon Information Tech	M	F	36	75
Great Wall Motor	M	F	29	33
Anhui Conch Cement	M	F	25	67
Gree Electric	F	M	22	25
CATL	M	F	22	33
China Pacific Insurance	M	F	21	25
Midea	M	F	13	33
SANY Heavy Industry	M	F	11	33
Zhifei Biological Products	M	F	11	33
Average % from selected companies			29%	45%
Top 100 average			14%	16%

It is worth noting that SANY Heavy Industry and Zhifei Biological, at the bottom of the rankings, share similarities in their board composition: nine directors in total, three of whom are independent (meeting China's minimum regulatory requirement) including one female INED whose experience may

not be highly relevant to the company's core business. SANY's female INED is a 40-year-old journalist while Zhifei's is a professor specialising in minority rights' and crime prevention.

Low point: single gender boards

Twenty companies have no women on their boards, and eight of these never have. State firms have the highest number of male-only boards at 18, with two POEs lacking any female directors.

Figure 10

Single gender boards at the top 100 PRC issuers by market cap, 2023

Company*	Market cap (RMB\$B)	Industry
Bank of China	944	Finance
BYD	635	Auto
Hangzhou Hikvision	401	Tech (computer hardware)
China State Construction Engineering	225	Industrials (Engineering and Construction)
Beijing-Shanghai High Speed Railway	253	Industrials (Railroads)
Jiangsu Yanghe Brewery	245	Wineries & Distilleries
China United Network Communications	180	Communication (Telecom)
Poly Developments	174	Real Estate
China Everbright Bank	170	Banking
China Railway	169	Industrials (Engineering and Construction)
Cosco Shipping	167	Industrials (Marine Shipping)
SAIC Motor	167	Auto
CRRC	164	Industrials (Railroads)
China Communications Construction	151	Industrials (Engineering and Construction)
Jinko Solar	143	Tech (Solar)
Bao Steel	143	Steel
CGN Power	136	Utilities
Yankuang Energy	132	Energy (Coal)
Power Construction Corporation of China	130	Industrials (Engineering and Construction)
China Southern Airlines	127	Airlines

Market cap figures as of 22 March 2023

* Note: Companies highlighted in pink have never had female directors on their boards (no trace on company or stock exchange websites).

Dual listings: does foreign ownership make a difference?

More than one in five issuers in the top 100 are dual listings, with Shanghai or Shenzhen as their primary market and Hong Kong as their secondary one. Most of these companies are heavyweights in the H share market, ranking among the 20 largest PRC issuers in terms of market capitalisation.

We isolated the dual listings to compare their diversity performance. It has been more than 30 years since the first H share listed in Hong Kong: has foreign ownership and different regulatory requirements influenced the diversity demographic of their boardrooms?

The result is mixed. On the one hand, dual listings are less likely to have single gender boards. There were two—Bank of China and auto manufacturer BYD—with no female directors. The clock is ticking on these H shares as Hong Kong Exchanges and Clearing (HKEX) has mandated that all issuers have at least one woman on their boards by January 2025.

Dual listings fare marginally worse than their domestic top 100 peers when it comes to the ratio of women on their boards, with a rate of 12%, but have female representation of 13% on nomination committees, just above the average.

Figure 11

Key themes among dual listings in the top 100

% of...	Dual listing	Top 100
Male-only boards	3	20
Female directors	12	14
Female NC members	13	12
Female CEOs	1	5
Companies with females in C-suite	4	38

Where dual listings significantly differ from the rest of the top 100 is in appointing women to the C-suite. Overall, 38 issuers in the top 100 have done so, yet among this figure only four of the companies are dual listings. Ping An has co-CEO Jessica Tan Sin Yin, while China Life, pharmaceuticals firm Wuxi AppTec and auto maker BYD both have a female CFO (the latter having a male-only board).

There is also quite a significant gap between the 45% female representation found at dairy firm Inner Mongolia Yili and the best dual-listed ratio: China Securities leads the pack among the dual listings with 28% of its board comprised of female directors. At the other end, the lowest figure (excluding the three single-gender boards) among dual listings was found at China Merchants Bank where just 6% of its directors are female.

We did find nine of the 21 dual listings to have a female director appointed to the nomination committee, and indeed at financial services giants CCB and China Citic Bank, there are two women serving on these

committees. China Pacific Insurance meanwhile has a woman chairing the NC, the only dual listing to do so. A potential engagement pressure point for investors could be to encourage these women to be appointed chair of the nomination committee.

How do the top 10 fare?

Female directorships among the 10 largest companies listed in China is below average at 12%. CATL has the most women on its boards, at 22%. At the bottom of the scale (excluding the single gender board at Bank of China), China Merchants Bank has 16 directors on its board, but only one is a woman: economist Wang Ying, who joined the bank in 1997. She has been Executive Assistant President of the lender since February 2023.

Figure 12

Top 10 PRC issuers by size 2023

Company	Ownership/listing	% female directors
Kweichow Moutai	SOE (Shanghai)	14
ICBC	SOE (Shanghai, Hong Kong)	14
China Mobile	SOE (Shanghai, Hong Kong)	13
China Construction Bank	SOE (Shanghai, Hong Kong)	21
Agricultural Bank of China	SOE (Shanghai, Hong Kong)	14
PetroChina	SOE (Shanghai, Hong Kong)	9
CATL (Contemporary Amperex Technology)	POE (Shenzhen)	22
Bank of China	SOE (Shanghai, Hong Kong)	0
China Merchants Bank	SOE (Shanghai, Hong Kong)	6
Ping An	POE (Shanghai, Hong Kong)	14
Average		12

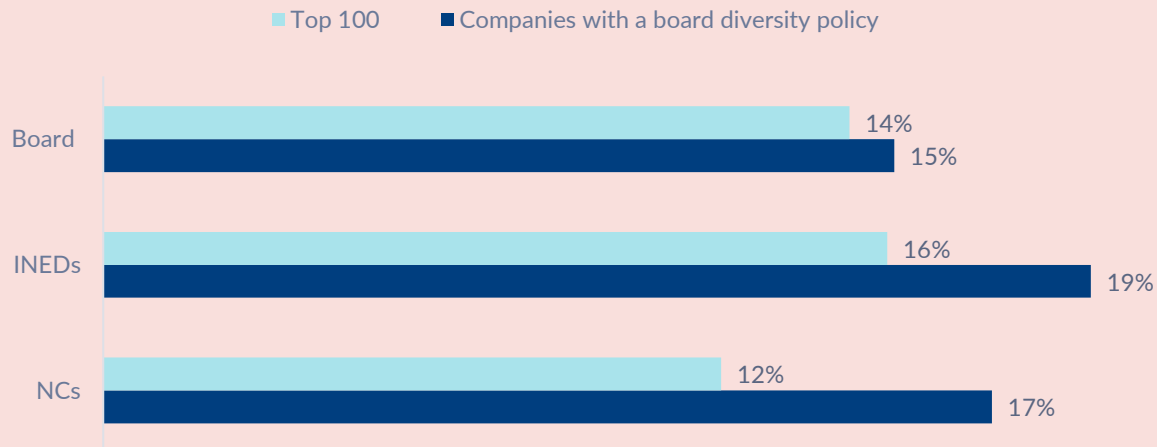
A select few are setting diversity targets

Half of the top 100 issuers (32 SOEs and 18 POEs) have a board diversity policy in place, but these are mostly generic in nature: formulaic statements, with some omitting gender from the equation entirely (Poly Development, China Railway Group and Cosco Shipping.)

We did find two tech companies who stand out in setting a tangible diversity target: electronics components maker Luxshare Precision mandates that women should account for at least a third of its board members. State-backed Semiconductor Manufacturing International (SMIC) meanwhile requires at least one woman on its board.

Overall, companies with a board diversity policy tend to appoint more female directors (see table below).

Figure 13: Women on boards, female INEDs, and female NC members (%) at the companies with a board diversity policy and the top 100



Still, we did find seven SOEs with a board diversity policy and no women on its board. These include China Everbright Bank, which says it has plans to do so but no timeline for achieving this. Coal miner Yankuang Energy appears to have a more concrete plan, promising to appoint a female director by the end of 2024.

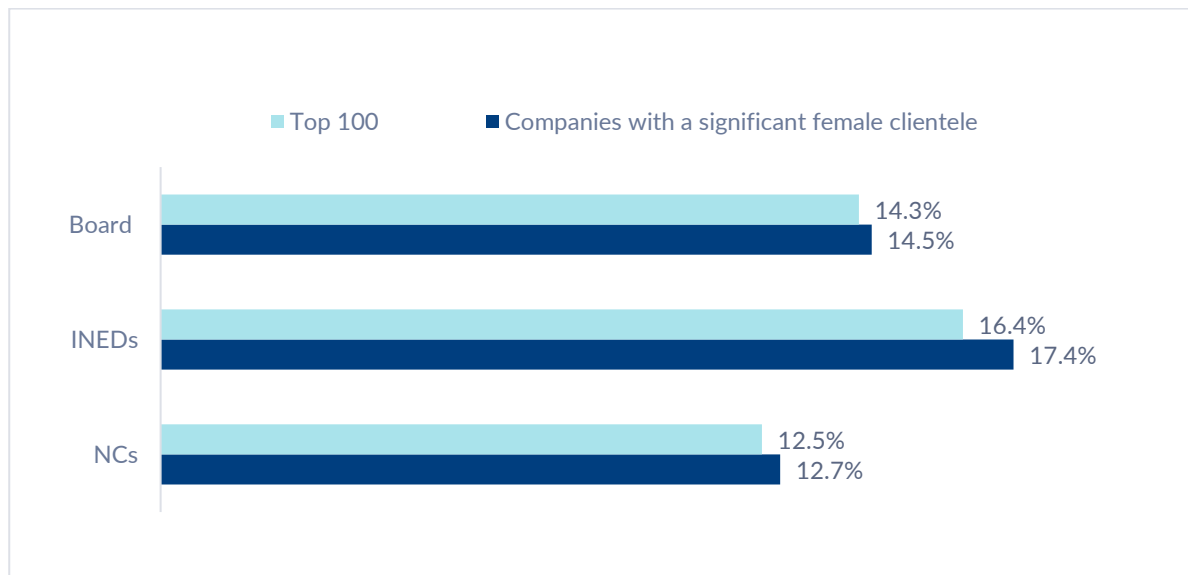
As part of our research ACGA analysed the number of firms with a sexual harassment policy. We found nuances of Chinese wording to be relevant here: only six issuers explicitly used the words ‘sexual harassment’ when setting out their stance.

Know your customer?

A third of the companies in the top 100 have a significant female clientele: banks, insurance companies, telecoms, food producers, home appliances, airlines, retailers and a railway operator. Few bucked the average 14% of women on their boards. To some extent this is due to the presence of five SOEs with single gender boards in this group.

Figure 14

Female directors, INEDs and NC members at companies with a large female clientele among the top 100

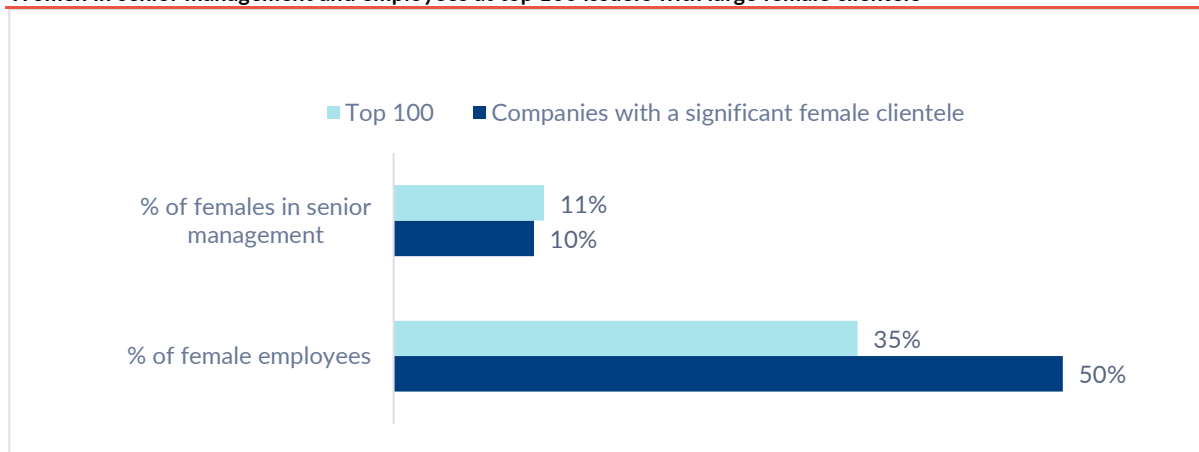


These firms have a higher level of women in their workforce: half of their employees are female compared to the top 100 average of 35%. But it does not translate into a higher proportion of women executives, with just one in ten making it to the C-suite. A dozen companies in this segment moreover have no women in senior management.

Still, it was refreshing to see a more robust female presence at executive level in companies whose end products cater more directly to female consumers: Inner Mongolia Yili (42%), Yihai Kerry Arawana (40%), and Foshan Haitian Flavouring and Food (28%).

Figure 15

Women in senior management and employees at top 100 issuers with large female clientele



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