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"Changing of Guards"

Perspectives From Thought Leaders

A Time To Let Go And Let Grow

AN INTERVIEW WITH FORMER CHAIRMAN OF THE SINGAPORE INSTITUTE OF DIRECTORS

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FROM THE EDITOR

As we end 2009 and start 2010, let me begin by wishing everyone a very happy and prosperous new year! As I noted in my Editor's Note at the start of the year, the year 2009 was been one filled with circumspect and review regardless of whether you look at business or personal life. The Credit Crunch was indeed a motivator for this introspection. With introspection come changes which are usually for the better.

So as 2009 comes to a close, we note various regulatory changes that have been proposed, not least by the Singapore Exchange. A short update on the Exchange's proposed changes is included in this Bulletin. On the international scene, earlier in 2009, there was a considerable amount of focus on changes to be made to director remuneration as well as to remuneration in the financial sectors by the likes of the European Commission, and the G20 Leaders, approved Financial Stability's Board's standards for sound compensation packages. Likewise, there has also been considerable focus on enhancing corporate governance generally and for banks specifically. One key report touching on this is that dealing with corporate governance in banks and financial institutions in the UK by Sir David Walker, former chairman of Morgan Stanley, which was released at the end of November. Such reviews and proposals and changes even will continue into 2010 and reflect the current state of affairs of wanting to tweak and see how best further crisis can be avoided in the future. This is also a reflection of the truism that corporate governance is a journey not a destination.

A year ago as well, the Directors' Bulletin explored the issues associated with Board Renewal. It seemed timely to look at this issue once again with several boards of companies in Singapore seeing changes over the year. Not coincidentally, the Institute's Board also saw a major change with the departure of the founding chairman, Mr Chew Heng Ching, and the appointment of a new Chairman in Mr John Lim, the President of the Institute. With Mr Chew's departure, the Institute felt that it was only appropriate to feature him in our Perspectives From Thought Leaders segment. The intent was to have him share his motivations for founding the Institute, the challenges he faced in growing the Institute, and, more importantly, in finding suitable members to join the Board of the Institute.

Nicely following from the interview with the former chairman is an article which identifies in a nutshell the five things to consider when forming a board of directors.

Other articles in this issue include one on nominating committees, reminding us all the role that the nominating committee plays in identifying directors for renewal and new appointments, as well as its contributions towards performance appraisals. This is

FROM THE EDITOR (Cont'd)

followed by an article that looks at the roles of boards in pay decisions. The focus there is that payment should be for results.

Whilst it is easy to write about the key considerations that must be reviewed when identifying suitable candidates, when push comes to shove, the reality is very different. There are numerous considerations that weigh in favour or against the appointment of any one director. What remains critical though is that the interest of the company be served in ensuring that the right mix and capable directors are appointed. It goes without saying that this also calls for directors who are appointed to boards to do the right thing and at the very least make themselves available.

This Bulletin also looks at critical issues such as the state of affairs in the markets currently and navigating the ups and downs of such markets, as well as the flow of information pursuant to regulator requests on the tax front, and the likely impact these could have.

It remains for me to thank, on behalf of the Institute, all contributors and others who have enabled this issue of Directors' Bulletin to be produced. The Institute looks forward to contributions in the form of articles as well as snippets on your thinking of what else can help directors do their job better. The Institute also looks forward to suggestions and thoughts from you on how else this Bulletin can serve your needs better. ■

Kala Anandarajah
Editor

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CHAIRMAN'S Message

Dear fellow members,

As we come to the end of 2009 let me first, on behalf of the Governing Council and staff of the Institute, take this opportunity to thank all of you for your support and to wish you a blessed and joyous New Year. The past year has been a very challenging one for both our domestic as well as the global economy and for many of our businesses. Whatever year you may have had, it is our fervent wish that 2010 will be a better year for you.

While the past year saw us celebrating our 10th anniversary and outlining our plans for the next decade it also saw the changing of our leadership with the retirement of our founding Chairman Mr Chew Heng Ching at our AGM in November. As the newly elected Chairman, I consider it an honour to have been given the privilege of leading the Institute for the next few years. However, I also consider it my mandated responsibility to implement necessary initiatives to build upon the foundation that has been laid by Mr Chew and to take the Institute to the next level.

Having served the Institute and been on its Council since August 1998 and in line with my plan to accelerate the process of renewal it is my wish to effect new initiatives and appropriate changes expeditiously and prepare for the next generation of leadership.

The Institute has achieved much in the last 11 years but much more remains to be done. As the national body for directors and a key stakeholder in our corporate governance eco-system it is essential that we step up our efforts in order to allow Singapore to continue to have an effective and dynamic capital market which is based on a sensible balance between regulation and self governance. The various corporate demeanours in recent times have resulted in renewed calls for the introduction of more regulations and the strengthening and tightening of corporate governance practices to protect investors and to enhance their confidence in our market. The recent SGX proposals have clearly indicated that our Government, while embracing the merits of a balanced regulatory regime, will not hesitate to make changes if self regulation does not achieve desired results.

In my joint message with our former Chairman in our last AGM publication I have highlighted the many challenges facing directors and boards today and will not repeat them here but suffice to say, we, as the Institute of Directors and you as directors, must step up our efforts to effectively meet these challenges.

The Institute has made good progress in the area of director training and our offerings of new modules have been well received, but clearly the merits of director training will need to be embraced by more corporations and more directors going forward.

CHAIRMAN'S MESSAGE (Cont'd)

In the area of advocacy the Institute has not done enough. The voice and the views of the Institute will, in the future, need to be heard and heard more audibly and more frequently. For this to happen it is also necessary for your views to be fed back and I hope many of you will be present at the feedback session that has been organised on 6th January 2010 on the recent SGX proposals. Your active participation and that of the corporate community will help strengthen the voice of the Institute.

The Institute's Council comprises many outstanding men and women who have come forward to serve and it is my intention in the very near future to re-structure the workings of the Council to enable the Institute to optimise the benefits of their collective and individual wisdom, talents, experience, leadership and network to help advance the role and to achieve the goals of the Institute. To support the Council we will need the contributions from many more of you. Some of you have served and are serving, others have indicated the willingness to do so. I thank all of you and say that you and more will be called.

It is not my intention to elaborate on the Institute's plans in this message but to just indicate that the Institute and its Council has much to do ahead. Many of the plans have been previously discussed with our former Chairman who, with the Council, has now entrusted me to lead in this task to take the Institute forward. I do not intent to fail and trust that, with your support and that of many others, we will succeed.

Last but certainly not least, I would, on behalf of our Council and the Institute, like to express our thanks and appreciation to Mr Chew, our founding Chairman, for having so ably led the Institute for the last 11 years and for building its foundation. We will miss his wisdom and his leadership but are confident we will continue to see him at our many activities. Our thanks and appreciation also goes to Mr Giam Chin Toon SC who has retired from the Council after 11 years of yeoman service but continues to offer the Institute Company Secretarial services through his firm "Wee Swee Teow and Co". I would also like to thank our former CEO, Mr Chua Eng Chiang, who has just left the Institute, for his contributions during his service in the past year and to wish him every success in his future endeavours. Pending the appointment of a new Chief Executive, I would like to welcome back Mr Gabriel Teh, our former Executive Director, who has kindly agreed to come out of retirement to rejoin the Institute to provide day to day leadership.

Have a blessed New Year. ■

John KM Lim
Chairman

Perspectives From Thought Leaders

A Time To Let Go And Let Grow

AN INTERVIEW WITH FORMER CHAIRMAN OF THE SINGAPORE INSTITUTE OF DIRECTORS

By Kala Anandarajah
Partner, Rajah & Tann LLP

The Singapore Institute of Directors turned eleven this year. The Institute has seen at least three major downturns, two caused by crisis in the financial sector. The first, now commonly known as the Asian Financial Crisis, precipitated the formation of the formation of the Institute in 1998. Eleven years down since its formation, the Institute has looked inward into itself to see how best to further work with and assist directors as a whole. In this regard, various measures have been embarked on, many of which have been notified to members and others in recent months.

Over the years as well, the Institute has also taken board renewal very seriously and has from time to time brought on new board members, with other board members retiring from time to time. Board renewal is a topic which is typically handled with some degree of sensitivity and yet is critical to ensure that any company continues to operate effectively. Board renewal must also be handled in a staggered manner to have continuity within the organization. It is not possible to have entire boards retire at one go, as the company would have lost the experience and continuity with it.

As part of the board renewal process in the Institute, the Chairman of the Institute, wanting no less to be an example, decided to step down after eleven years at the helm, first as President cum Chairman and then solely as Chairman, as part of the phased succession planning. The Institute felt that it was only timely and appropriate to hear from the departing Chairman – his aspirations when the Institute was set up, the difficulties he faced, how he identified suitable

candidates to come on board, how he managed the diverse nature of the board, and the reasons behind his stepping down. I had occasion to speak with the Chairman, as he shared his views and perspectives on board formation, renewal and succession planning in the Institute's Board.

1. What were your motivations in starting the Singapore Institute of Directors? It is a non-profit organisation, and so certainly, there was no financial motivation.

The onslaught of the financial crisis in 1997 had resulted in a need to improve corporate governance and train directors. There was a general awareness then that many listco directors were not well-equipped in their work. There was a call for the setting up of a Director's Institute. The Government Feedback Unit asked me if I could head a taskforce to review that. I agreed and the rest is history.

2. How were the initial members of the SID Board identified and appointed? What role did you play in that process?

I gathered a small team to form the taskforce. They came from different backgrounds, ranging from company directors, lawyers, accountants to corporate secretary, including a representative from the Singapore Exchange. I thought this would give a diverse spread of expertise. Members were largely self-motivated and wanting to do something for fellow directors. I headed the task force and was the prime mover.

3. How has the role of SID changed if at all from the point it was started over the years and to where it stands today?

We started from zero base. The initial years were aimed at training our listco directors in the basic skills of directorship. Over the years, SID has progressed. Today SID is involved in not just training and development of directors, but also shaping and promoting good corporate governance practices. It has become an established institute with some standing. But it is a long journey. A lot of what we are doing is work-in-progress and we should not be complacent.

4. High-performing boards are essential to the success of non-profit organisations, which the SID obviously is. One of the Chairman's critical challenges is building and motivating boards that perform in an exceptional manner. Do you believe that you have achieved this and if so, how did you manage to achieve this?

Yes, SID is a non-profit organisation. Its Board (and sub-committees) members are all volunteers. We are very selective in inviting people to serve on the SID Board. Board members are usually not only highly successful in their own careers but can make a difference. They are professionals with a strong sense of purpose, wanting

to do something for fellow directors and can devote time to the work of SID. I believe in good team work and lead by example.

5. The SID Board has gone through rejuvenation from time to time. How was the rejuvenation process handled? How did you and the rest of the board identify suitable members to join the Board and serve?

Over the years, the SID Board has had some renewals. Some old Board members (including founding directors) had retired because of work commitment and other reasons. We consciously look for experienced directors of listcos or professionals who could contribute to the work of SID and encourage them to come forward to be elected and serve on the Board. The Board is able to attract new talents onboard, particularly younger directors. It now has a good mix of experienced as well as new members. We do not renew for the sake of renewal. If old directors are still contributing, they are encouraged to stay on. All directors are subject to retirement and are eligible for reappointment every 3 years.

6. You yourself started as a President cum Chairman in the Board and over the years moved on to the position of Chairman. This suggests that you were already planning your succession. Would I be right here, and could you provide your thinking here?

When I accepted the role of Founding President cum Chairman of SID in 1998, little did I expect that I will stay on to serve SID for so long. As SID expanded, some of us became more and more involved. We initiated many projects and found it necessary to stay on to implement them, often out of a sense of duty and commitment. In 2003, we decided to separate the roles of Chairman and President. This was in line with good governance practices. John Lim who was Honourary Secretary of the Council then became the President and I took on the chairmanship position.

7. Why did you decide it was time to step down?

Towards the 10th year, I told myself the Institute needs to renew its leadership. I have devoted 10 good years of my time to SID. It was time to step down. I gave notice to the Board of my intention to retire and make way for a new Chairman. My stay was extended by another year because of the major Strategic Review exercise to map out the future plans of SID and its 10th Anniversary celebrations held earlier this year.

8. Is there really a right time for a Board to rejuvenate itself? What if there is a financial crisis on-going as is currently the case?

Board renewal is healthy and should be an ongoing process, financial crisis or not. What SID needs is having more practising company directors coming forward to join its Board and contribute towards its work. This will help facilitate the renewal process and old members can retire. 10 years may be too long for anyone to stay at the helm of any public institution like SID. Being a Founding member, it may be different. Going forward, I envisage any future Chairman of SID will probably serve no more than 3 to 5 years.

9. Do you see a difference in the process of rejuvenation for non-profit boards as opposed to boards in profit oriented corporations?

There is no difference. In practice, non-profit organizations like SID probably renew its Board more often than profit-oriented corporations. However, there is no "one size fits all". It depends on the organisation. As long as one is fully committed and can continue to contribute, he or she should be allowed to remain on the Board and not replaced just for the sake of renewal.

10. This must be an emotional time for you having seen the SID grow from nothing? And yet, you have remained professional in your approach at all times. How have you managed that?

I am but a member of a team. SID's achievements and success are not attributed to one person. It is the collective efforts of everybody – the SID Board, subcommittees, its secretariat, members and the corporate community. We all acted selflessly, sacrificing our valuable time (some more, some less) for a good cause, growing and progressing SID, without monetary rewards. The greatest satisfaction is to be able to see the SID playing a useful role in the corporate community today. The foundation has been laid. The challenges facing the SID in the next 10 years are plenty. The Board must build on this foundation, stay relevant and do more for the directors community in Singapore.

11. What recommendations, suggestions and guidance do you have for boards of corporations on the renewal process?

A corporation is as good as the composition of its Board and its members. The Board should have a good mix of expertise and talent. If a Board works well and the corporation is successful, one has to be careful not to change its composition too drastically. While Board renewal is to be encouraged, it should be left to shareholders to decide. There is "no one size fits all". If you have a highly effective Board, treasure it! Non-performing directors should always be told to make way for new ones. For all these to happen, the Board Chairman is the key. Successful corporations are often led by good chairmen. ■

FIVE THINGS TO CONSIDER When Forming A Board Of Directors

By Tod Loofbourrow
President & CEO, Authoria Inc.

Overview

For public companies, corporate governance is a hot topic. Accounting scandals at Enron Corp., Tyco International, and WorldCom Inc., have shined the spotlight on corporate boards and their roles. And with new rules and responsibilities set forth in the Sarbanes-Oxley Act, corporate boards are increasingly held responsible for ensuring that businesses are not only run well, but run appropriately.

As important as corporate governance has become at public companies, independent corporate boards can play a key role in the development of their companies. And, as you build your business, further developing your board can be an important component in providing direction and helping you navigate the various business lifecycles through which you'll progress.

But as a first-time entrepreneur, what things should you consider when forming a board of directors? Based on my experience as CEO of Authoria and the critical role that our board has played, I've outlined five things to consider.

The Five-Year Plan

One of the principles in forming a board is to bring in directors who have taken their companies where you want to take yours. Look five years out and ask yourself where you want your company to be. Once you have your five-year plan in mind, seek directors who have built businesses consistent with your vision.

For example, Authoria is a profitable software company. We've moved into a stage where sustained market leadership, operational excellence and management depth become more critical. One of our long-term goals is to be among the top 20 software companies in the world.

With this in mind, we've recently added Peter Gyenes to our board. He is the CEO of Ascential Software Corp. and has more than 30 years of experience helping build large companies like Informix, Ardent Software Inc., and Prime Computer Inc. We plan to use his experience in helping us navigate through this part of our lifecycle.

Range Of Experience

Once you have your vision in mind, look for directors with the types of experience and skill sets you'll need to help you achieve it. Based on your business model, you may find that you need experience in areas like distribution, product development or operational scale.

Another recent addition to Authoria's board is Chip Drapeau, CEO of MRO Software. We added him for his broad range of experience integrating organizations and scaling alliances with major ERP vendors like PeopleSoft, SAP and Oracle, who are also partners with Authoria. He adds experience in these areas and a new dimension to our board.

Build Diversity

In addition to looking for a broad range of experience, build a board that has diverse experience. I strive to have a healthy balance of operating executives, CEOs and entrepreneurs. Our directors have strong backgrounds in disciplines like sales, marketing, product management and operations.

Sometimes you can find diversity in a single person. Bob Castle, the president and CEO at Coriolis Networks, has been on Authoria's board for more than five years. He combines experience as an entrepreneur with a marketing, engi- neering and strategic background drawn from his executive roles at companies like VideoServer and FileNet.

Mentoring Style

You probably don't want a director who wants to come in and run your company during your board meetings. Instead, you want directors who understand their role and that are skilled at providing guidance and support.

During the selection process, listen to your candidates. Do they talk only about themselves or about the successes they've helped create with others? Do they talk with pride about their executive team or about the people they've worked with who have become successful? If so, you have someone who takes pride in helping others become successful.

Taking An Active Role

Seek directors who are willing to take an active role. Often, the best directors are the ones who roll up their sleeves and do their homework to truly understand your business.

Look for directors who are willing to open their Rolodexes and make introductions, help solve challenging business problems, make an investment in your company, and show long-term support by taking compensation in the form of stock.

Conclusion

In summary, a board of directors is not simply about governance. You can benefit from boards that are strong at mentoring, opening doors and offering experience that will help you avoid mistakes and, ultimately, help take your business to the next level.

Building a board is a process and, as your company progresses and enters different stages, think about reshaping your board to fit where you want to take your company five years down the road.

The more attention you pay to your forming your board, the better the outcome you'll achieve. ■

Tod Loofbourrow is the president and CEO of Authoria Inc., a Waltham-based provider of human resource communication software. This article first appeared in Mass High Tech: The Journal of New England Technology (www.masshightech.com), who have kindly authorised its reproduction in the Bulletin.

The Nominating Committee

And Its Role In Identifying Directors For Renewal And New Appointments*

By Kala Anandarajah
Partner, Rajah & Tann LLP

Overview

In the board renewal process, particularly in public listed companies, an important team of persons responsible for identifying new directors and assessing existing ones to determine if they should continue to act as directors lies in the first instance with the nominating committee ("NC"). The concept of the NC was introduced in Singapore with the introduction of the first Code of Corporate Governance ('Code') in 2001, which took effect in 2003. This short article highlights how the NC is constituted, the essence of the role they perform, and their functions in the assessment of the performance of dircetors.

Constitution Of Nominating Committee

The Code of Corporate Governance recommends that all companies listed on the Singapore Exchange must establish an NC to make recommendations to the Board on all board appointments.[1] The Code provides that the NC should comprise at least three directors, a majority of whom, including the chairman, should be independent. The revised Code issued in July 2005 provides specifically that the chairman of the NC must be independent of management, business relationships as well as of substantial shareholders. Specifically, the Code provides that a director will lose his independence if he is accustomed or under an obligation, whether formal or informal, to act in accordance with the direction, instructions or wishes of the substantial shareholder. On whether it is possible to have a truly independent NC, J Y Pillay, Chairman of the Singapore Exchange, in an interview for the Singapore Institute of Directors' Bulletin[2] said as follows:

> **Where there is a majority shareholder, how independent can the NC be, for example? Yet, this is a matter of evolution. In the larger companies, where there is a greater focus by the media, and a large number of shareholders exist, there tends to be a process whereby the shareholders progressively flex their**

muscles and require accountability from the independents and others. In smaller companies, one cannot expect that there will be a substantial degree of independence reflected in the Board.

The Code further recommends that the NC should have written terms of reference that describe the responsibilities of its members, and its membership should be disclosed annually.

Role Of Nominating Committee

Under the Code, the NC is charged with the responsibility of re-nomination having regard to the director's contribution and performance (for example, attendance, preparedness, participation and candour) including, if applicable, as an independent director. The NC should also be tasked with the responsibility of ensuring, in conjunction with the Board as a whole, that the right mix of skills and experience and other such qualities as to enable the Board to function completely and efficiently is found for the board of directors.[3] Anecdotal evidence suggests that insufficient time is spent by the Board and the nominating committee in reviewing succession planning within the Board, including the CEO.[4] As regards the CEO, it has been noted that to ensure that there is proper succession planning, at least the following three elements needed to be reviewed: [5]

a. **The business strategy:** to identify where the company is going before being able to identify what is required in a leader.

b. **Management training:** to make sure that the company is developing executives in all areas of the business who will be able to execute that strategy.

c. **The succession plan itself:** the CEO should identify and develop potential successors for the board to consider.

As a principle of good corporate governance, all directors should be required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years.

The NC is also charged with determining annually whether or not a director is independent, bearing in mind the guidelines on independence and any other salient factors. A director who has one or more of the relationships which could tarnish their independence, on which see Chapter 4, may nonetheless be appointed as an independent director, if the NC determines that such director is in fact independent and the company discloses in the next annual disclosure on corporate governance, the nature of the director's relationship and the reasons for the NC's determination.

As a matter of interest, with the introduction of the revised Code in July 2005, the Ministry of Finance reinforced the view, contrary to the recommendation of the Council for Corporate Disclosure and Governance, that the NC should go beyond just the technical definition of independence in the Code when assessing whether a director will be able to provide independent views.

When a director has multiple board representations, he must ensure that sufficient time and attention is given to the affairs of each company. The NC should decide whether or not a director is able to and has adequately carried out his duties as a director of the company. On this, the Code recommends that internal guidelines should be adopted that address the competing time commitments that are faced when directors serve on multiple boards.

On the appointment process, the NC is required to provide a description of the process for the election and appointment of new directors to the Board and have this disclosed. This should include disclosure on the search and nomination process. Key information regarding directors, such as academic and professional qualifications, shareholding in the company and its subsidiaries, board committees served on (as a member or chairman), date of first appointment as a director, date of last re-election as a director, directorships or chairmanships both present and those held over the preceding three years in other listed companies and other major appointments, should be disclosed in the annual report.[6] The names of the directors submitted for election or re-election should also be accompanied by such details and information to enable shareholders to make informed decisions.

Review Of Board Performance

The Code recommends a formal assessment of the effectiveness of the Board as a whole and the contribution made by each director to the effectiveness of the Board.[7] The exact evaluation process is left to the Board to implement, and in particular, the NC. The process of review must be disclosed in the annual report. As a measure of the Board's performance, a range of performance measurement tools is spelt out in the guidelines to the Code. The criteria that has been suggested should be used by every company is an evaluation of the company's share price performance over a five-year period vis-à-vis the Singapore Straits Time Index and a benchmark index of its industry peers. Other

performance criteria that may be used include Return on Assets ("ROA"), Return on Equity ("ROE"), Return on Investment ("ROI"), and Economic Value Added ("EVA") over a longer term period.

Any performance criteria put together must be objective. Such performance criteria, that allow comparison with its industry peers, must be approved by the Board and address how the Board has enhanced long-term shareholders' value. These performance criteria should not be changed from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the onus should be on the Board to justify this decision.

Individual evaluation should aim to assess whether each director continues to contribute effectively and demonstrate commitment to the role (including commitment of time for board and committee meetings, and any other duties). The chairman should act on the results of the performance evaluation, and where appropriate, propose new members be appointed to the Board or seek the resignation of directors, in consultation with the NC.

The suggestion that the NC be the group which spells out the guidelines for evaluation appears somewhat incestuous at first flush. A group of directors is called upon to set out the criteria to decide how the Board's performance as a whole, of which they are also members, is to be assessed. The criterion suggested is peer review, with the aim of increased shareholder value. Can such an approach really yield an independent and objective set of criteria? Perhaps the criteria for evaluation could be set out by the Code itself or by an independent body such as the Institute of Directors. ■

**Adapted from a book by the writer titled Corporate Governance – Issues & Practice, published in December 2009 by the Academy Law Publishing.*

1) The Singapore Board of Directors Survey 2000 (the first survey that was undertaken by the Singapore Institute of Directors in conjunction with others) notes that in 1999, in 69% of appointments to the Board, the chairman was instrumental in identifying the candidates. In 68% of appointments, the chairman had exerted a major influence in making the final selection and ultimate appointment. It would be interesting to see how the introduction of NCs will impact on the existing approach. The Singapore Board of Directors Survey 2008/9, which is the most recent survey, provides that almost all companies identify potential non-executive directors through personal contacts, other board members or the nominating committee. Only 5% in fact use search firms; although this is noticeable since none used search firms previously.

2) The Directors' Bulletin (Singapore Institute of Directors, Issue 3 of 2009).

3) The Singapore Board of Directors Survey 2000 notes that having experience as a senior company manager or partner in a relevant professional firm and having knowledge of finance or law were seen as being very important selection criteria. The 2002 Survey mirrors these findings and also identifies business and management and strategic planning experiences as key factors. The Singapore Board of Directors Survey 2008/9, which is the most recent survey, takes a different stance and provides that 85% of the companies assess the suitability of directors formally prior to their appointment, with the nominating committee in 47% of the companies conducting interviews to assess the suitability of the directors.

4) Corporate Board Member's "What Directors Think" Survey (2006) notes that 43% of the 1,330 respondents were dissatisfied with the planning of their company's management succession.

5) Corporate Board Member, "The Wrong Way to Pick a Chief Executive" (May/June 2007) at 44.

6) See the Singapore Institute of Directors Board Survey 2008/9.

7) Assessment of boards as a whole or all of the individual directors has not caught on as much amongst companies in Singapore. What has grown, however, is the evaluation of the CEO. The Singapore Board of Directors Survey 2008/9, provides that 78% of the companies evaluate the CEO's performance on a periodic basis, of which 40% conduct it formally with discussions on pre-planned agenda, analysis, follow-up actions and documentation. CEO performance is assessed by the remuneration committee in 53% of the companies, the Board as a whole in 36% of the companies and the nominating committee in 24% of the companies.

PAY FOR RESULTS:

The Changing Roles Of Boards And Company Executives In Pay Decisions

Fermin Diez, Worldwide Partner & Lee Voon Keong, Consultant
Mercer (Singapore) Pte Ltd

Overview

Aligning pay with performance is no longer just important, it is now essential to a responsible executive remuneration program. Companies where pay appears disconnected from results are roundly denounced and their directors find themselves subject to withhold or no vote campaigns in, for example, the United States, or to removal in the United Kingdom and other countries that give shareholders such a right. Decision makers, whether board members or CEOs may find themselves ousted over failing to align pay with results. In Singapore, the regulations have not reached these levels, but it is possible that we will follow the lead from other countries.

Compensation should be focused on results, rather than performance. This isn't just semantics; we want to emphasize that while you can get a pat on the back for effort (which many equate with performance), you should get paid for delivering results – results that over the long term deliver increased value to shareholders and are evaluated in the context of the market and the company's business strategy.

Paying for results necessarily means that a one size remuneration strategy will not fit all. Designing short - or long - term incentive plans to align with results has to be customized to the specific organization, whether corporate entity, business unit or a division. Too often we see companies migrating to "plain vanilla" measures such as total shareholder return or earnings per share. These are end measures, they do not reflect the drivers of long-term value nor do they communicate to participants the company's strategic or tactical priorities. As a result, we believe that boards or executives were not adequately linking reward outcomes to sustainable performance results.

Executive Remuneration Governance

The corporate governance paradigm is shifting dramatically when it comes to executive remuneration. In the past, investors had an insufficient voice in what or how executives were paid. In reality, if shareholders were unhappy with executive pay, they had little recourse other than to sell their shares in the company.

Boards of directors did not have much influence either. The stability of boards often led to a strong sense of trust and comfort with the company's management team and the compensation programs used to reward their contributions. Pay recommendations put forth annually by management would be reviewed for reasonableness and approved by the compensation committee of the board with little independent review of such matters as the peer companies used to evaluate the competitiveness of pay or the inputs used to calibrate performance targets, to the extent targets were even used.

Management tended to take the lead in recommending pay increases, negotiating new employee contracts, and designing new incentive programs. Human resources would collect and analyze benchmark data from published surveys or the proxy statements of peers to assess the competitiveness of the current pay program and develop recommendations for the upcoming year. Finance would be responsible for identifying the performance measures that would fund incentive programs and for calibrating awards with various performance levels based on the internal budget. The bulk of the work was performed in advance of the compensation committee meeting with little direct involvement from directors. As a result, the board's blessing was often viewed as a necessary formality.

The picture today is strikingly different. Investors around the globe want significant influence and clamor for more say over executive pay matters. Boards face increased scrutiny from shareholders, the media, and regulators as they struggle to balance the interests of investors and management. Management will be asked to take a back seat in a process they previously led, and are gradually redefining their role as one of collaboration and consultation.

Investor Role

Governance developments vary by region, but we are experiencing a definite increase in shareholder influence on executive remuneration issues from Europe to North America to Asia Pacific and beyond. There is little doubt this trend will continue as shareholders react to the widespread share price declines that have resulted from the economic downturn, which in turn was partly caused by risky incentive programs.

Board Role

Stemming from a more activist shareholder base and heightened media attention, the board role is in the midst of transition. We are seeing a shift in the board's accountability from high-level oversight of the business – including executive remuneration matters – to independent review and verification of corporate strategy and more direct involvement in day-to-day decision making.

This increase in responsibility means a greater time commitment for compensation committee members. Committees are upping the number of times they meet each year and asking directors to spend larger amounts of time preparing for meetings, reviewing materials, or participating in preliminary discussions. Because the regulatory environment will more complex, directors will have to invest additional time in training on executive remuneration matters – both up-front (upon appointment to the committee) and ongoing, in order to keep up with the constantly changing rules and regulations. The role of the committee chair is also expanding to fill the need for greater collaboration with outside advisors, as well as with management.

Greater scrutiny of the board role (along with a few visible shareholder lawsuits following major corporate scandals abroad) has increased the perceived liability associated with the director position. This is pushing many boards to adopt a risk-management mentality in managing their fiduciary responsibilities. Directors must constantly weigh how their decisions impact the business and how they appear to shareholders. It is no longer simply a matter of showing that compensation levels are reasonable; boards today must be able to rationalize why the compensation package looks the way it does. They must defend why one equity vehicle was selected over another, explain how performance metrics support shareholder value creation, point out the specific inputs that went into the annual target setting process, and prove why selected peers are valid comparators for compensation benchmarking.

Boards have to balance the pressure on pay from shareholders with the need to attract and retain top executive talent. This has become harder than ever. Merger and acquisition activity as well as the expansion to global markets by local companies has resulted in larger and larger organizations, and few individuals have the skills and experience to run businesses of this size and scope.

Globalization is also having a profound affect on the ability of companies to attract and retain executive talent. Executives are increasingly willing to move across borders to greener pastures, so companies must often compete not only within their home country, but also against foreign competitors for talent. Meanwhile, firms expanding into new markets sometimes find it difficult to recruit executives in the local market because what is status quo to shareholders in the home country might not be competitive or attractive in other regions. For example, family-owned companies in Singapore which typically do not have a long-term incentive compensation component can find it difficult to recruit talent from the multinational companies, where long-term incentives are fairly common.

While some boards may welcome the growing power of shareholders over compensation matters as a counterpoint to management influence, there is no doubt that it makes the process more complex and sensitive. Given the range of interests that must be attended to, many boards may struggle to balance what shareholders want to see with the practical needs of the business.

Management Role

Mirroring the growing influence of shareholders, management control over executive remuneration programs has begun to decline. This is not to say that senior leaders will no longer have input into compensation decisions, but long gone are the days where executives called the shots. As boards respond to shareholder concerns by becoming more actively involved in both executive remuneration strategy and implementation, philosophical questions arise as to whether executive remuneration falls under the realm of management or is primarily a governance concern.

Where the pendulum will settle is difficult to predict. Many CEOs may find themselves playing "defense" when it comes to executive remuneration matters and be forced to invest greater amounts of time and resources into building the business case behind pay decisions. This development can be troubling to senior leadership because it is their responsibility to achieve positive business results, and they know more than anyone that the right executive talent can make or break a company's best efforts.

While executive talent can be one of the most important investments a company can make, the line between competitive and excessive remuneration can be a difficult one to walk — especially if remuneration decisions can be criticized as self-serving. In this regard, the additional pressure on management to demonstrate that compensation programs are reasonable and defensible should bring more accountability to the process.

However, executives must retain the flexibility to make timely decisions that are responsive to both internal and external developments impacting the company's talent strategy. Executives need the ability to respond quickly and decisively to retention concerns. Directors, who are not involved in day-to-day business operations, are usually not in the best position to spot emerging retention issues, and obviously this is information that shareholders would not be privy to until it is too late.

Another potential danger is the tendency to fall back on the status quo when designing incentive plans. Shareholders usually like simple, conventional approaches to incentive compensation because it allows them to more easily compare outcomes across companies. Widely accepted program designs often seem like a safer bet to directors as well, since they pose fewer challenges when it comes to shareholder communication than a customized plan that has been designed to reflect a company's unique business context. In fact, we have already seen this move to standardize programs take Singapore, the United Kingdom, and Australia, where institutional investors have pushed companies to link the vesting of long - term equity awards to performance as measured by just a few generic metrics — namely absolute total shareholder return, relative total shareholder return measured against peers or an index, or earnings per share.

Incentive compensation can be an invaluable tool for aligning executive efforts with the strategic priorities of the business. While an easily understood plan that allows for more direct comparisons against peers might be welcomed by shareholders, it can be problematic for the CEO who wants to rally his or her team behind a new revenue or return goal in support of the company's business strategy. Gains from streamlining the measurement and reward processes across companies must be balanced against the ability of companies to tailor measurement and reward processes to their specific needs.

Achieving The Right Balance Of Interests

The balance of power in the realm of executive remuneration matters is undergoing a historic shift away from management and toward shareholders. It will be interesting to witness the full consequences of this transition. Some correction of the power imbalance was clearly necessary and should lead to positive reforms, but, as with all transformations, we must be wary of unintended consequences.

Let us start with the positive. We can expect more dialogue with key investors (particularly the institutional shareholder base) as companies seek to incorporate their views and objectives into their governance and compensation policies and practices. We can also expect more collaborative executive remuneration programs, which reflect innovative practices drawing on investor input and experience and a greater focus on calibrated pay-for-performance plans and arrangements. Other likely developments include more transparent disclosure, the curbing of nonperformance-based executive benefits programs and large severance guarantees, and more meaningful performance conditions being attached to incentive compensation.

On the flip side, greater involvement on the part of shareholders could become a bureaucratic nightmare if not kept in check. Lengthy proxy battles over director nominees or executive remuneration matters can ensue, and may actually be counterproductive to the objective of shareholder value creation. Potential dissent in the boardroom could also increase the cost of governance and may hamper a company's ability to respond to developments quickly and nimbly. Under the worst-case scenario, governance headaches may usher in a new age of privatization, as companies look for ways to free up resources and streamline decision-making processes.

To maintain the right balance in control over executive remuneration matters, shareholders, directors, and management must have clearly delineated objectives, roles, and responsibilities:

- Shareholders must find the right balance between holding the board accountable and trying to seize control. They need to be vocal in demanding alignment between shareholder value and executive pay, but should avoid unnecessarily hamstringing the organization. For example, in the United Kingdom and Australia, shareholder activism has severely limited the flexibility companies have to design customized rewards programs and has led to an overreliance on cookie-cutter incentive plans that provide little connection to company-specific business strategy.
- The board must carefully balance shareholder concerns with the strategic and operating needs of the business. Directors must consistently demonstrate proper due diligence and exercise thoughtful and defensible decision-making. They must make a real commitment to clear and transparent disclosure and promote open lines of communication with both executives and shareholders.

  Boards also need to find the right balance between oversight and micromanagement when dealing with the executive team. They should independently verify incentive plan payouts, ask tough questions about plan design, and provide objective input and guidance on compensation matters based on their knowledge and experience. Yet, the board may not always be in the best position to spearhead design work or facilitate plan administration, and must be willing to turn over the reins to the executive team when it makes the most sense to do so.
- Management must find the right balance between ownership and collaboration. Executives have on-the-ground knowledge and should be actively involved in driving remuneration decisions, but they must also be open to independent review and critique. They must also exhibit a strong focus on shareholder interests by aligning executive remuneration programs with value creation and rewarding sustainable, long-term results instead of short-term spikes in performance.

Greater shareholder involvement will no doubt be a powerful force in shaping executive remuneration, but it is not a panacea. Remuneration continues to rise in countries where say-on-pay policies have been adopted because the fact remains that an effective management team is critical to business success and there are far too few talented executives to go around. Executive pay is an art, not a science, and it is impossible to agree upon a perfect definition. The best companies can do is to make reasonable decisions based on thorough analysis and meaningful collaboration among stakeholders. Performance measurement is the key to making this a reality. We will address this last point in an upcoming article. ■

Navigating The Ups And Downs Of The Markets

Arjun Khullar, MD and Head of Equity Capital Markets
for South and Southeast Asia, J.P. Morgan

1. No doubt that markets have been challenging recently, particularly from the beginning of 2008 till earlier this year. From your perspective, what are some of the highs, amidst the low? Do you think markets have reasonably stabilized, or are there still a fair amount of volatility and uncertainty?

2009 has undoubtedly been one of the most unusual market phases that any of us has seen in our lifetime. We started the year wondering whether the world was going into another great depression or would monetary and other government policies cushion the blow.

There was certainly extreme pessimism but it appears the bottom was reached sometime in March 2009 when markets traded at their lowest levels. Since then we have seen a massive global rally, but with stronger performances from emerging markets.

We are now starting to see some stability in markets and the VIX (volatility) index has come down to the 20–30% region from the 80% highs it traded in during October 2008 around the time of the Lehman collapse. Reduction in volatility is key for confidence to return in the investment process—with the reduction in volatility the IPO market has also re-opened, driven by Asia.

So in general, yes, while there are lessons to be learnt, the strength and momentum of the Asian economy has helped sustain investor sentiments throughout this period of financial crisis and will be a key driver underpinning recovery in the near term.

2. Markets have experienced a dramatic global rebound over the past 6 months. What is driving this rebound and do you think it is sustainable?

A sense of stability has started to pervade markets, with many assets now moving in narrower ranges and others trending gently. Backed by economic data, investors are now leaning towards the view that global recovery is taking hold and is spreading.

The rebound over the last six months has been driven by the dramatic reversal in sentiments regarding the prospects of the global economy. The signs of continuing growth in China and India, combined with less worrying news from the developed markets, have driven the rally.

In addition, cheap money with limited investment alternatives has also played an important role in this rally.

In Asia, economies are well-positioned to ride the upturn as Asia had large international reserves, low leverage and growing domestic consumption. Asia would hence likely drive the continued recovery.

Eventually, the most important assumption in the coming months is that there are no shocks- volatility and risk aversion will gradually fade, with stability and growth returning to the markets.

3. How have investors reacted to recent transactions? How has their behavior evolved over the past 1–2 years?

Investor behavior has changed dramatically during the course of this year. At the beginning of the year funds were focused on protecting the capital value of their portfolios and managing their overall liquidity position, given the demand they were facing from their own investors. Since the last few months, the focus has shifted to maximizing returns given the rally in the market. Investors are more focused on growth rather than yield in today's market, as they seek exposure to the economic recovery story.

4. J.P. Morgan has been involved in a number of transactions this year, including multiple rights offerings earlier in the year. Is there a clear trend on what deals issuers are leaning towards (such as rights offerings, secondary placements, spin-offs, CBs) and what has been the rationale for tapping the equity market this year?

Issuance products have changed dramatically over the year. Rights issues dominated the capital markets offerings in the beginning of the year — at a time when markets were uncertain, the primary focus of issuers then was to have adequate capital and ample financial capacity even if economic recovery was delayed (e.g. HSBC, DBS Bank, Maybank). This also encouraged other non-banking companies to

also raise equity primarily to reduce leverage (e.g. CapitaLand, CapitaMall Trust, Neptune Orient Lines, Axiata). With the market rally from May, we saw the return of follow-on offerings (Yanlord, Ezra) and convertible bonds (Olam, Yanlord, etc.). Furthermore and more recently, on the back of a reduction in volatility and increased investor confidence, the IPO market in Asia has opened rapidly with 10 multi-billion IPO's in Asia (excluding Japan).

5. How have retail investors been reacting to the capital raisings this year? Is confidence coming back?

In general, we do see retail investors behaving in a similar manner to the institutional investors. The gradual move out of cash by retail investors is also continuing and strengthening.

We have seen huge interest by retail in investors in some of the HK IPOs as well.

6. What equity products will investors generally focus on? Do rights issuances still make sense for corporates, considering the relatively steeper issue price discount compared to other equity products?

I think the equity product/structure is less relevant. What is more relevant is how that capital will be employed and what returns can be generated. The key questions therefore relate to the use of proceeds, which in turn would also depend on issuers' capital management and growth strategies.

I think rights issues are now well established and are a good mechanism for raising equity —the discount is really irrelevant as all shareholders benefit.

7. What are your expectations on equity markets liquidity and investor demand over the next 6–12 months?

Since March, we have seen a steady flow of cash into assets with stable yields, including both equities and bonds, and this trend is happening globally. Whilst initially, the main recipient of flows out of cash had been bonds as the yield pick up from cash was more apparent, inflows into equities have followed quickly thereafter and such inflows have been critical in driving markets in the near term.

October saw a strong US$44 billion of equity offerings globally, above the US$38 billion per month pace seen between January and September. Year-to-date US$387 billion of equities have been issued globally, higher than the S$339 billion issued during the same period in 2008. We believe that total global equity offerings for 2009 could potentially reach US$450 billion by end of this year, marking an approximate 20% increase over last years' total offerings. All in all, we believe this is a clear demonstration of the improving confidence and consequently a return of liquidity to the markets.

I believe that liquidity should remain robust over the coming months, with continuing appetite for equities. Investors are generally still holding substantial cash but are gradually moving that cash into equities, particularly emerging market equities. For instance, based on J.P. Morgan's research estimates, of the US$660 billion of cash that US retail investors accumulated post Lehman's bankruptcy, approximately 22% have been unwound so far. Clearly, we expect to see this momentum starting to build and we do expect liquidity to remain robust for the rest of the year and into 2010. Investors will, as confidence keeps growing, be more and more focused on good quality growth stories.

8. Corporate governance has been increasingly under the public spotlight. In a new issuance, in what order of priority are investors placing various considerations, including: balance sheet strength, management strength and experience, corporate governance, and valuation?

Corporate governance and good management should be the key to any investment decision. In volatile markets, with fast changing dynamics, you need a management team that can react quickly and move with the circumstances, whilst remaining true to their strategic objectives.

Investors have repeatedly demonstrated their willingness to pay a premium for companies with superior and transparent governance and management.

It is true that there is an increasing awareness of corporate governance as a result of this crisis. Investors continue to emphasize the accountability of management to safeguard and grow their capital and a strong corporate governance culture is a cornerstone of any organization.

9. How well have Singaporean companies fared in managing their balance sheet and capital allocation through the crisis compared to others globally? Do you think there is a need to adjust their approach post-crisis?

Most Singaporean and Asian companies had fairly conservative balance sheets at the start of the crisis, thus we have not seen the bankruptcies/ strained balance sheets that we have seen in the developed markets. I don't see this philosophy changing, given it has served them well.

10. For companies looking to raise new equity or debt capital now, what are the key take-aways from the financial crisis and what are some of the implications, if any, on capital allocation strategies?

I think the key takeaway is that issuers should raise equity/debt as and when they have a financing need and shouldn't always try and time the market.

Coming out of this crisis, the investment community is more cognizant of the scarcity of liquidity and importance of fortress balance sheets. The topic of capital management and allocation, be it managing debt or equity, is now a key focus for both issuers and investors.

Over the past 10 years, companies have traditionally focused on accelerating growth through capital expenditures (capex) and investments. For example, based on J.P. Morgan's research, S&P 500 firms spent more than US$3.9 trillion on capex and US$1.4 trillion on research and development since 1999. Then, when the crisis came and against a backdrop of uncertainties, we saw companies generally shift their focus towards liquidity conservation and balance sheet strength.

While thoughts have shifted back towards growth and capital deployment amidst the market recovery, companies and investors are now more focused on efficient allocation of capital and diligent risk management to enhance long-term, sustainable value creation and capital productivity.

11. What should independent directors look for during a company's capital allocation process?

Investors look to the independent directors and management for accountability of their capital. Capital allocation and management strategy is hence an important consideration for investors when making an investment.

Independent directors hence have the added responsibility of safeguarding investors' capital and ensure that capital allocation is optimized.

For instance, companies and their board and management are now more aware of the limitations of financial performance as appropriate measures of returns as such measures fail to account for risks associated with investments, which becomes more pronounced in volatile markets. An investment that might increase financial metrics can still destroy value when it fails to consider the associated risks. In addition, the crisis has also illustrated the limits of diversification, which reduces cash flow volatility and mitigates risks on one hand, but offer limited protection and insurance during crises.

Directors and management hence need to be cognizant of the risk-returns balance when making investment decisions. Therefore it is important to define a capital allocation framework that captures the lessons from the crisis and considers the long-term, risk-adjusted returns of investments. As a result of the crisis, we are seeing an increased level of supervision and governance, as investors demand more disclosure and clarity in company's events or decisions.

12. What should an independent director's role be during an equity issuance exercise?

Asking the right questions on where, how and when capital is required and allocated is critical to demonstrate transparency and accountability of any issuer, its directors as well as its management. An independent director should offer that check-and-balance on the use of proceeds and ensure there is adequate disclosure to the public.

13. Over the next 12 months, when do you think will be the next market window for new IPOs?

I think the market is open now for companies with good equity stories (for example, growth, established business and track record, sound management, and strong corporate governance).

In terms of issuance pipeline, many companies are indeed looking to come to the market and we see the pipeline continue to grow. Investors will have plenty to look out for in the coming year. ■

Arjun Khullar is based in Singapore and has led more than US$15 billion capital markets offerings in the region in 2009. Arjun has more than 14 years of experience in investment banking and have led transactions out of South and Southeast Asia, and previously out of London where he was based prior to Singapore.

Why Tax Risk Management

Matters In The Boardroom

Russell Aubrey
Head of Tax, Ernst & Young Solutions LLP

Overview

Effective tax risk management is a necessity, not a luxury. Neither should it be left out of the boardroom.

Tax, as a cost component, has a significant impact on the bottom line. It also carries significant weight in decisions on transactions such as mergers and acquisitions, and changes in the supply chain. Given that tax has such a great impact on business performance, it cannot be excluded from enterprise-wide risk management.

The management of tax risks, however, is not just the sole domain of the tax department. The board of directors, which is responsible for the integrity of the company's financial statements and effectiveness of internal controls, should step in to have effective oversight of tax risk management.

Survey On Tax Risks – An Overview

In September 2009, we conducted a straw poll of boards of directors and tax directors of Singapore-listed companies and Singapore-based private companies and multinationals with sales of at least US$20 million, to compare their views and attitudes towards the role of the tax function and the management of tax risks.

We found that the majority of the boards of directors of these companies have yet to endorse a formal tax risk management framework. While they acknowledge that the tax function adds value to the business by providing input on major business decisions, only half of board members believe that the responsibility for tax risk management lies ultimately with the board.

The survey also found that both boards and tax

directors believed that accelerating regulatory change and insufficient internal communication posed the biggest challenges towards the management of tax risks.

Tax Function Accepted As A Value-Added Partner

The majority of respondents (95%) believed that the tax department adds value to wider business decisions.

In major business transactions and developments such as mergers and acquisitions, major investments or new entities, we found that tax is brought into the equation, whether formally or informally.

Sixty eight percent of the respondents said that a formal tax review and sign-off is mandatory for all material business transactions while 27% indicated that tax views were only sought on major transactions informally or on a reactionary basis.

Tax In The Boardroom – Still Some Way To Go

In the boardroom, attitudes towards the management of tax risks are mixed.

We found that for the majority of respondents polled (68%), tax is a regular feature on the board agenda and the tax function has regular access or contact with the board, executive management and other business units.

The majority of board members also receive regular updates from the tax department on potential tax risks and exposures.

However, when it comes to accepting ultimate responsibility for the management of tax risks, views are mixed.

Less than half of the respondents (45%) indicated that the responsibility for managing tax risks within their companies ultimately lies with the board and that the board provides direction and leadership to the tax department on tax risks. About 36% said that ultimate responsibility does not lie with the board, while 18% are unsure whether the board has sole responsibility for the management of tax risks within their companies.

More than half of boards (55%) have yet to adopt a formal documented tax risk management policy, let alone sign off on this annually. This non-endorsement can perhaps be traced to a lack of awareness on the importance of having a tax risk management blueprint to set out procedures and protocols to address tax issues and risks.

Seventy three percent of respondents indicated that there are formal procedures in place for the tax function to escalate tax issues to the board of directors.

Challenges In Managing Tax Risks

Survey respondents were requested to identify the three most important factors out of six identified factors that could impact the way tax risk is managed within their companies. These include: regulatory requirements, inefficient processes or controls, insufficient resources or lack of trained personnel, lack of internal communication, budgetary constraints and time constraints.

Changing legislation and increased regulatory requirements, and insufficient internal communication were the two most critical challenges to managing tax risks, according to the respondents.

It is not surprising that respondents are concerned with managing changes to tax rules because this will have an impact on the preparation of the tax accounts of the company and affect the effective tax rate and tax planning measures.

Tax directors, in particular, may also feel that lack of access to the board and senior management, and insufficient dialogue with other areas of the business, could hamper the way they deal with tax issues.

Time constraints were also cited by the tax directors as the third important factor which could affect the ability to manage tax risks. This could mean that tax directors may be forced into reactionary fire-fighting situations, as opposed to more time spent on proactive long-term planning.

Insufficient resources or lack of trained personnel was the third important factor identified by boards as it could have a detrimental effect on the ability to manage tax issues. Ideally, tax-trained personnel should handle tax data.

Measuring Tax Function Performance

Survey respondents identified a range of formal performance measures used to evaluate tax departments.

We found that the effective tax rate is the most common measure of success for the tax department. This is only natural as most companies would want to keep tax costs under control given that tax influences profit figures.

Ensuring that tax accounts and disclosures in financial statements are correct was also an important performance yardstick. This "get it right" attitude reflects

companies' commitment to fulfilling compliance requirements as accurately as possible. Timeliness of compliance was also an important formal performance measure.

These demonstrate that cost and corporate governance issues are foremost on companies' minds when it comes to tax performance measurement.

Size Of The Tax Function

Tax departments of survey respondents with in-house tax functions are generally small, with tax teams usually consisting of one or two personnel.

Taking A Leadership Position

The board of directors must ultimately set the tone and direction for the way tax risks are handled in the company. They need to provide leadership to integrate tax planning and compliance into corporate governance protocols. They have to ensure that a robust system is in place for managing and reporting upon tax risk. Tax directors, on their part, must maintain a visibility at the board level.

Importance Of Adopting A Tax Risk Management Framework

A tax risk management framework aims to broadly articulate a company's likely tax exposures as well as issues and risks particular to the organisation. It identifies the procedures that management has sought to put in place to ensure the risk in these areas is kept within acceptable limits.

A tax risk management framework isn't just about meeting your obligations or requirements. A framework can shift your workload from one of compliance to strategy, it can contain and control costs more effectively, and you waste less time on fire-fighting and more time evaluating risks and opportunities.

How are you managing your tax risk today? Here are some questions to ponder:

- How comfortable are you with how your company currently manages tax risk?
- Are your tax people thinking strategically or are they focussed on day to day tax compliance?
- For every tax risk that you have, do you have a control in place to mitigate it?
- Is your tax risk profile documented, accepted and signed off by the board of directors?

As a board member, have you:

- Understood your company's tax risk profile and your tax risk appetite?
- Built a formal tax risk management framework with fully developed risk mitigation and management strategies?
- Viewed tax risk management as an opportunity for the exercise of good business judgment, consistent with other corporate governance measures?

As a tax director, have you:

- Conducted periodic reviews of your core tax function accountabilities and processes?
- Documented your tax risk profile or 'risk appetite' and communication protocols?
- Captured and documented tax risks, controls and mitigation strategies?
- Documented business processes and IT systems data interdependencies?
- Identified tax control weaknesses and documented and implemented recommendations? ■

Getting Closer To Uncle Sam

But On Our Terms – An Update On Tax Development

"WASHINGTON — The Internal Revenue Service and the Department of Justice today announced the successful negotiation of an agreement that will result in the IRS receiving an unprecedented amount of information on United States holders of accounts at the Swiss bank UBS."

This was the announcement that appeared on the website of the US Internal Revenue Service on 18 August 2009, which seemed to spell the beginning of the end of banking secrecy, as we have come to know and love it. There is no doubt that this Swiss government assisted cave-in to US pressure will have caused a chill of fear to run down the spines of many a private banker around the world; and perhaps caused one or two banking clients to reach for the phone and book a flight to Rio.

But based on the international onslaught against banking secrecy that has been mounted this year, and in the face of an exchange of information bloodlust shown by the G20, the OECD and the Obama administration, it is difficult to believe that even Rio is out of reach these days.

The big question on most people's minds has therefore got to be "Who will be next?" Could it be Singapore, and if so, should the local banking industry be worried? Singapore, it is true to say, has probably enjoyed a reputation not far short of that of the hitherto banking secrecy king of them all, er, Switzerland, for its own staunch defence of confidentiality; and between the 18 August announcement, and 13 November 2009 when it signed its 12th exchange of information (EOI) protocol, it possibly held the crown.

For the time being, Singapore cannot be the next, at least not from a US perspective. The information squeezed out of UBS was effected under the mantle of an exchange of information article in the double taxation agreement between the two countries. Singapore and the US, surprising though it may seem, do not as yet have a double taxation agreement in place – primarily as a result of the jealously guarded stringency with banking secrecy. Accordingly the US does not have the leverage that would be needed to elicit a response to even a single information request, let alone 4,450 - the number it managed to wring out of Switzerland.

However a tax treaty with the US is probably not far off. Singapore has just signed the last of the 12 EOI protocols with other countries under existing treaties that was needed to get it from the OECD "grey" list of not-so-well-looked-upon secrecy locations, to the "white" list. Not that being on the white list has done much for Singapore other than to allow it to say it is not on the grey list anymore. However, it does send a signal to the US Government that it is serious about international co-operation, and this will undoubtedly pave the way for negotiations. Indeed, the Singapore Minister for Finance recently stated that he intends to get the process underway, next year.

If you think about it though, requests for information are only of relevance for countries that impose tax based on residence. So for example, where a UK resident individual puts money on deposit with a Singapore bank, the interest it earns is taxable in the UK as it arises. The UK tax authorities would therefore be keen to have that information.

However, where a Singapore resident individual puts money on deposit in a UK bank, nobody cares. This is because individuals in Singapore are not taxed on foreign sourced income. We therefore have very much a one-way-street situation, where Singapore will be asked to stump up information, but will have no need for this goodwill to be reciprocated. Even in the case of companies, the interest income would generally only be taxed if it was ever remitted back to Singapore. If the Singapore authorities mounted a full-scale investigation to ascertain whether company A had a UK deposit account, all they would discover if they found the interest lying there would be that it had not been remitted….. in which case they could not have had a basis for mounting the enquiry in the first place. I am sure you get the drift.

It is clear therefore that there has been a degree of arm twisting going on in the background, and certainly the publication of a list (the existence of which had long been denied, along with Singapore's alleged position on it) sped up the EOI protocol signing dramatically. Having said that, there is no doubt that in order to maintain its credibility as a world class financial centre on a sustainable basis, Singapore eventually had to come to the EOI table.

The question therefore is whether life will change noticeably for the Singapore banking system as a result of the EOI protocols. My own view is that it will not. The reason for this is that:

a. deposited funds in Singapore banks are not from western investors, primarily. They are from Asia – China, Taiwan, Indonesia and Malaysia to name probably the largest of them;

b. investigations are only generally mounted in relation to very large cases where there is heavy evidence of fraud or evasion and substantial amounts at risk. The US attack on UBS, which specified a significant number of relatively small amounts, was arguably sustainable because of the bank's own admission that it more or less helped out with the secrecy by providing the veil;

c. typically – and I was told this by the head of the OECD Centre for Tax Policy and Administration when he visited Singapore last year – information requests made under EOI arrangements number only a handful a year;

d. Singapore has pre-empted the risk of "fishing expeditions" (the term given to where the foreign tax authorities make blanket requests to see what they can trawl up or stumble upon) by drafting domestic legislation under which it is a requirement that any request has to be authorised by the Singapore High Court before the information can be released.

Indeed in many ways, Singapore may stand to benefit as much from Switzerland's misery in the UBS case, through an enhancement of its reputation as an open, yet responsible economy as it probably has done economically (although not officially) from the aftermath of the EU Savings Directive. Under this directive, you may remember, EU member states were compelled to either disclose information about cross border interest payments, or withhold punitive rates of tax if they did not want to do so. These are reasons to be cheerful.

One reason not to be overly optimistic however, is that the US Administration is a different animal from those found in the rest of the world. It also has two features that make it different in an EOI context. The first is that the US taxes its citizens (and green card holders) on a worldwide basis, irrespective of their tax residence. Accordingly their net is much wider than that of any other country on planet earth (with the exception, I think, of Korea). Citizens of EU member states on the other hand, are generally exempt from home country taxes if they have established residence outside their country. In the case of US citizens it can take up to 10 years to shake the IRS off your tail even after you have written them a Dear John letter to tell them you do not want to be American any more. So there are likely to be many more US taxpayers with accounts in Singapore than there will be people living in Europe that do.

The second feature is that the IRS has a precedent to waive around, which although not a statutory leaver, looks to have given them an extreme shot of confidence. You only need to look at their website (http://www.irs.

gov/newsroom/article/0,,id=212124,00.html) to see how pleased they are with themselves. Armed with this precedent, there is a danger they may believe that no mountain (Swiss or otherwise) may be too high.

There is no doubt therefore that Singapore is in their sights and it has in fact been reported as a potentially problematic jurisdiction. As the UBS example demonstrates, the current US administration is taking very seriously the perceived problem of tax revenues lost through offshore tax evasion by US persons and they are unlikely to leave the UBS case as its only victory.

I may be exaggerating with what I have said above, but until a treaty is signed with the US we will not know how the EOI relationship will work out. However, in my view the benefits of a treaty with the US far outweigh the comparatively minor inconvenience (now that all the other EOIs are signed up) that information exchanges with the US may bring.

So why is it so important to have a tax treaty with the US, given that we have done without one since the beginning of time? There are a number of reasons why. The first is that a treaty would reduce the impact of double taxation on Singapore residents' US-sourced income, and vice-versa.

In particular, investment into the US has been an area that many Singapore companies and investors have steered clear of, not just because of the complexity, but also because the tax costs can take such a big slice out of the returns. To take a couple of simple examples, an equity investment into a US company will suffer corporate tax of 34%, followed by an eye-watering 30% withholding tax on dividends paid out of the after-tax profits. In other words, for every hundred dollars profit made by your US investment, you only see $46.20 come back. This translates to an effective tax rate of 53.8 percent. It is also little surprise that few will lease assets (at least directly) into the US when faced with a 30% withholding tax on the gross rental payments. This could easily be sufficient to wipe out the entire net profit of any otherwise commercially viable transaction.

A treaty would make investments by Singapore residents into the US more tax efficient and could pave the way for increased investment. It will also take pressure off existing "tax efficient" structures by allowing a more direct investment approach. Further, the reductions in the rate of withholding taxes would be mutual. Thus, US businesses investing in Singapore would benefit from reduced rates of withholding tax on those payments on which Singapore imposes tax, including interest and royalties.

Secondly, and this is where the Singapore government has been quite clever, the only way that the US will get access to information from the Singapore banks on its artful dodgers will be through a fully fledged tax treaty. This is because of the way in which Singapore's domestic legislation has been drafted. Essentially, it is only permitted to enter into EOI arrangements within the framework of a double taxation agreement. This is quite a cunning plan. It effectively precludes the US from simply pressurising the government into entering into a stand alone EOI arrangement and thus, as we have seen above, a veritable "one-way-street", into a bilateral treaty that gives benefits both ways. The government has, in short, laid down terms which are genuinely supported by its other 12 EOI treaty partners.

It is clear therefore that a comprehensive, bilateral tax treaty between the US and Singapore is a winner for each. With global markets rebounding or about to, now is the time for the two countries to discuss and implement a treaty, making cross-border trade more tax-efficient for Singaporeans and Americans. There has never been a better time than the present, for Uncle Sam and Singapore Inc to get together. This time, paradoxically, with Singapore in possession of greater bargaining power. ■

Recent Legal Changes

To Enhance Corporate Governance & Assist Investors

The Singapore Exchange ("SGX") has in the last few weeks issued Guidance Notes as well as proposals to amend the Listing Manual in Singapore. These changes and proposals are directed at the dual aims, as we perceive it, of enhancing investor education and tightening corporate governance practices. Brief updates of these changes and proposals are provided here.

A) Amendments Proposed To Singapore Exchange Listing Rules

In early December 2009, the SGX issued a Consultation paper proposing various amendments to the listing rules with the aim of further enhancing corporate governance in Singapore. The SGX is currently seeking feedback, the closing date for which is 15 January 2010. This note provides a quick summary of the key changes proposed.

1) Proposals To Strengthen Corporate Governance Standards

a. Under the Code of Corporate Governance, the Audit Committee has to comment on the adequacy of their company's internal controls and risk management policies and systems. For increased transparency and accountability, SGX proposes to require the Audit Committee's (or any other committee constituted for this purpose) assessment to be disclosed in the annual report.

b. SGX proposes to introduce a governance adviser for newly listed issuers. The governance adviser will make certain that the companies have the framework and practice of good corporate governance as befits a listed company. Newly listed companies are to consider engaging the services of a governance adviser for two years post listing, to give assurance that the support framework of corporate governance in place. SGX has the discretion to require the appointment of a governance adviser, but only where necessary.

c. SGX proposes to formalize the requirement for issue managers to be accredited in order to monitor the suitability of issue managers and the professionals. Additionally, the issue managers must apply for re-accreditation if the issue manager has not made a listing submission to the Exchange for a period of three years after first accreditation, or if there has been a substantial changes to the professionals in the team and its operating procedures.

d. SGX proposes that a responsibility statement by the financial adviser to be included in all circulars where there is a financial adviser. A new Practice Note will also prescribe the directors' responsibility statement as well as the financial adviser's responsibility statement in circulars.

2) Proposals Relating To Role Of Board Directors, Key Executive Officers And Auditors

a. Given the importance of their roles, and in order to ensure that they are able to carry out their duties in a company, SGX's approval is required for appointments of directors, CEOs and CFOS under specific circumstances. However, it is intended that this power will be applied judiciously and only under exceptional circumstances which warrant the SGX's intervention, eg where the issuer is the subject of an investigation of irregularities or other wrongdoing.

b. SGX proposes to codify its right to take action against key executive officers or directors (eg public censure, objecting to their appointments) if they refuse to cooperate with the regulators or cause a breach of rules, law or regulation

c. SGX proposes to have the nominating committee with the concurrence of the audit committee provide an opinion that the CFO appointed. has the appropriate expertise, experience, character and integrity required. This is also required similar to this when the issuer appoints a new director.

d. If the CFO or person responsible for preparing financial statements leave the company, the person must confirm to SGX that there are neither irregularities nor any material differences in opinion with the board and management, as this could have a material impact on the financial statements of the grouop.

e. SGX proposes that there be a provision in the Company's articles that at least one independent director remain in office at all times. In addition, issuers with offshore principal subsidiaries should have at least one independent director who is resident in Singapore, on the board of its principal subsidiaries. This will ensure the composition of an effective board which posseses a strong independent element to exercise objective judgment on the corporate affairs of the management.

f. Where both the company and its auditor are based in a foreign jurisdiction, SGX proposes to require a joint sign-off with a Singapore-based accounting firm on the company's audited accounts in order to provide further assurance to the market.

g. In determining the suitability of an accounting firm to serve as auditor, the issuer should consider the results of any review by ACRA of the firm and its relevant audit partners.

h. SGX proposes to require the audit fees paid to the auditors to be disclosed in the annual report in order to promote greater transparency.

3) Proposals To Safeguard Shareholders' Interests

a. SGX proposes to restrict all transfers of shares in a company that is under trading suspension.

b. SGX proposes that controlling shareholders and their associates hold their shares in custody with the CDP or a Depository Agent who has made arrangements with SGX to restrict transfers of shares during trading suspension.

c. SGX proposes to formalize the requirement for foreign-incorporated issuers to immediately announce any change in the law of incorporation as this may affect the rights of its shareholders.

4) Proposal To Ensure Disclosure Of Pleding Arrangements

a. SGX recognizes that under certain circumstances, information regarding these pledging arrangements is necessary to maintain a fair and orderly market and for investors to make informed choices. SGX proposes to ensure disclosure of pledging arrangements by requiring the shareholder to notify the company in writing when his/her shares are pledged, but only under certain circumstances, as it may be overly prescriptive to require disclosure of all pledging arrangements. The shareholder is to notify the company within 2 business days when any of the mentioned scenarios occur.

5) Other Proposals To Clarify And Codify Current Practices

a. SGX proposes to introduce new Practice Note 4.1 to give clarity on use of Right of First Refusal agreements. This will mitigate conflicts of interests for REITs and business trusts. SGX proposes to formliase this practice that the ROFT should be valid for as long as the conflict of interest exists. The Practice Note 4.1 will also set out the circumstances where SGX considers a ROFT to be effective in mitigating conflicts of interest for REITs and business trusts.

b. SGX also provides guidance on when listing applicants are expected to submit profit estimates, projections and forecasts where historical or pro forma accounts are not available.

6) Restriction On Share Transfers

a. SGX proposes to restrict all transfers of shares during a trading suspension in order to ensure a level playing field for all investors and shareholders. To strengthen this, all shares held directly or indirectly by controlling shareholders and their associates are to be custodised with CDP or a Depository Agent to restrict such transfer. This will provide confidence to the shareholders and will also be deemed to be a signal of commitment by the controlling shareholders.

7) Amendments To Catalist Rules

a. Annexure C of the Consultation Paper contains the proposed amendments to the Catalist rules arising from the relevant proposals in Part 1 to Part 6 with the necessary adaptations. Specifically, there are some proposals and other miscellaneous amendments which are proposed to be applied to Catalist issuers.

B) An Investor's Guide To Reading Annual Reports ("GRAR")

The GRAR is basically to help shareholders "work through" the annual report to gain better insights into the company. The main objectives of the GRAR are to aid investors in:

- making better use of annual reports;
- focusing on key issues and raising pertinent questions; and
- enhancing their understanding of the overall profile of the companies they are assessing.

Since the annual report of the company is the centrepiece of communication between the company and its investors, and because it is usually the only published document the GRAR provides investors of a complete snapshot of the company, the guide provides shareholders and investors with the necessary ability to work around jargons and make sense of the numbers.

The GRAR encompasses 5 main sections to enable the investor to fully comprehend the workings and financial health of a company, with each section focusing on a different aspect of the annual report:

1) Introductory Pages

This first section of an annual statement provides the investor with an understanding of the company's core business and also assesses the management's working strategies. The GRAR also includes relevant questions for evaluating the company's business and management with a guidance on when red flags should arise.

2) Corporate Governance Disclosure

Section 2 of the annual report provides a review of the corporate governance disclosure, allowing investors to assess whether this is consistent with the Code of Corporate Governance 2005.

3) Financial Statements

This may be the most complicated section of an Annual Report, as it reviews the various aspects of business performance from a risk perspective, from a numerical point of view. Therefore, the questions listed down in the GRAR for analyzing financial statements allows investors to get a clearer idea of what they should be looking out when looking at the various figures.

4) Other Issues

The GRAR also provides a list of red flags for investors to take note of when analyzing the annual report, such as issues with regard to cash dividends or the company's audit policy.

5) Appendix

The Appendix of the GRAR lists down the key points investors should take note of for two specialized industries – Real Estate Companies and Bank & Finance Companies.

6) Glossary Of Common Acronyms And Terms

The final section of the GRAR includes a list of common acronyms and terms. This enables investors to make sense of what the financial jargons are in the annual report, providing a simplified explanation, sometimes with examples and formulas, of how certain numbers are arrived at, and what they represent.

C) An Investor's Guide to Preparing for Annual General Meetings ("GPAGM")

The GPAGM provides pointers on how shareholders can make better use of the opportunity at Annual General Meetings (AGMs) to question their board and management. This serves as a starting point to aid investors to focus on key issues and raise pertinent questions during the AGMs.

In the GPAGM, the following issues and considerations have been divided into four 4 main sections to give investors a better preparation for the AGM:

1) Typical Resolutions At Agms

The guide provides shareholders with an idea of what the different kinds of resolutions are made in the AGMs - appointment of directors, dividends, new share issuances, etc. – and what they should typically look out for in relation to each of this resolution, to enable them to make a better decision.

2) Company Performance On The Period Just Past

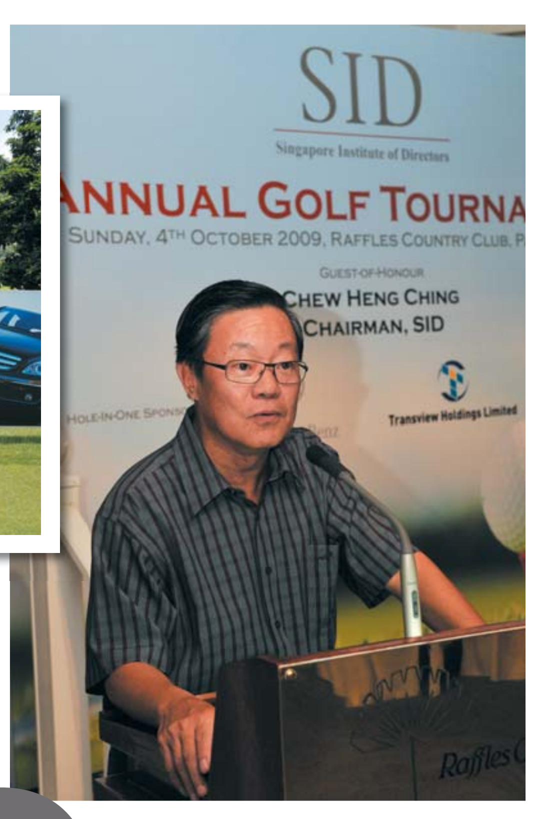
This helps the investor to assess and understand how the company has performed in the last year, relying significantly from the separate An Investor's Guide to Reading Annual Reports (GRAR). The use of the GPAGM and the GRAR allows the investor to question what has gone wrong with the financial health of the company, as well as seek assurance or clarification to ensure that the company will be going on the right track in the following year.

3) Company Snapshot, Status Update

Section 3 of the GPAGM provides the investor with guidance on how they should be getting a snapshot of where things stand at the moment, by asking the relevant questions at the AGM, and by pointing out certain key issues.

4) Outlook

The final section of the GPAGM invites investors to request clarification of what is likely or expected in the coming period. With this, shareholder will get a greater outlook of the company's future growth, and the direction that it is heading.



Annual Golf Tournament 2009

On 4 October 2009, Singapore Institute of Directors hosted the Annual Golf Tournament at the Raffles Town Club, Palm Course. The tournament was attended by 144 members and there were a total of 36 flights in all. Special thanks go out to all sponsors and participants of this event for making the event successful. Congratulations to the overall winner, **Mr Ronnie Steward**, in the SID Trophy Challenge and also other winners from the respective division and category.

11th Annual General Meeting cum Luncheon

The 11th Annual General Meeting cum Luncheon was held on 6 November 2009 at the Marina Mandarin Hotel. The Guest of Honour was Mrs Lim Hwee Hua, Minister, Prime Minister's Office and Second Minister for Finance and Second Minister for Transport. The annual event was attended by over 500 members and representatives from the corporate community.

At this AGM, Mr Chew Heng Ching, Chairman and Founding President, and Mr Giam Chin Toon, Treasurer, both of whom have served on the Governing Council since the Institute's inception in 1998, had announced their stepping down and not standing for re-election. The Institute would like to thank both Mr Chew and Mr Giam for their contributions and unwavering commitment to the development of the Institute.

The Institute also unveiled its revamped website at the AGM. The revamped website is more user-friendly and members will have easier access to training courses and events, as well as access to enhanced services such as online registration and online payment. Members will also enjoy enhanced search capability upon logging-in. It also features online polling or survey capabilities as well as online registration for the new Register of Directors, which will become part of the "Director Matching Service" for listed companies (to be launched in 2010).

SID-IIA Breakfast Talk

The Breakfast Talk was jointly organized by the Institute with IIA, which was held on 15 October 2009 at the Marina Mandarin Hotel. The guest speaker was Mr Richard Chambers, President and CEO of the Institute of Internal Auditors, Global. He shared with the audience global trends arising from GRC transformation efforts around the world, risk standardization, increasing oversight, performance and risk management co-ordination, evolving expectations of corporate responsibility and big shifts in governance, risk management and compliance technologies.

The Institute thanks our partner and the participants for their presence at this workshop.

Audit Committee Essentials Modules 1, 2 & 5

The Institute, SGX and PwC jointly organized three workshops on "Audit Committee Essentials" as follows:

Module 1 – Overview of High Performing Audit Committees and the Guidebook for Audit Committees in Singapore - held on 30 September 2009 at the Marina Mandarin Hotel.

Module 2 – Composition and Audit Committee Meetings - which was held on 8 October 2009 at the Marina Mandarin Hotel.

Module 5 – AC responsibilities for Overseeing Risk Management Systems that Extend Beyond Financial Risks - which was held on 16 November 2009 at the Marina Mandarin Hotel.

Mr Ng Siew Quan, Partner, Pricewaterhouse Coopers, led the 1st and 2nd Modules. He provided an overview of the roles and responsibilities for the audit committees and the guidance and best practices provided in the ACGC handbook in Module 1 and an in-depth examination of the composition of audit committees and best practices associated with the conduct of the audit committee meetings in Module 2.

Module 5 was presented by Mr Richard Wilkins, Director (Risk & Controls Solutions), PwC, Mr See Hong Pek, Partner (Risk & Controls Solutions), PwC and Mr Daniel Ee (member of the Governing Council of SID).

Each of the Modules ended with a panel discussion touching on challenges in meeting expectations relating to the roles and responsibilities of Audit Committee members, on improving the effectiveness of Audit Committees, and on overseeing risk management respectively.

The Institute thanks its strategic partners and participants for their presence at the three workshops.

Losing Control

SID, SGX and PwC jointly organized a workshop on "Losing Control – A Board Perspective", which was held on 13 October 2009 at the Marina Mandarin Hotel.

Guest speakers, Mr Keith Stephenson, Mr Paul Zanker and Tan Shong Ye from PwC, shared insights on the role of the Board when an operational issue starts escalating beyond normal operating parameters. The workshop began with a presentation on difficulties that can arise during major projects. It was followed by PwC's proprietary "Losing Control" video and a panel discussion involving directors and PwC specialists who have experienced crisis situations first hand sharing insights as to how such situations can be managed.

The Institute thanks our partners and the participants for their presence in this workshop.

October 2009

Raghavan	Sadeesh
Wong	Yan Ki Angel
Bennett	Christopher
Koh	Yong Guan
Ang	Swee Tian
Bertina	Robert
Wong	Hsun Min
Woodward	Juanita Lee
Smith	Brian
Tay	Kiang Meng
Koh	Chor Siang
Cheng	Weng Hong
Chan	Tar Seng
Manning	Steve
Chiang	Hock Chin Jessie
James	Tham
Lim	Poh Khai
Chan	Kum Ee
Seck	Wai Kwong
Khor	Kee Lin
Chua	Eng Chiang
Hong	Peng Wai Philip
Seet	Su Lin Carolyn

The institute would like to hear from you. Send us aricles, thoughts or even short snippets of issues that you are keen on, that you want to share about, or that keeps you awake at night. It only needs to relate to directors and/or corporate governance. For articles, keep it to 1200 to 1500 words at most. Send your materials by email to the Institute at secretariat@sid.org.sg

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