

The Directors'

ISSUE 3 • 2012

BULLETIN

The Official Newsletter of Singapore Institute of Directors

MICA (P) 001/02/2012



Internal Controls

Singapore Institute of Directors

MISSION STATEMENT

To promote the professional development of directors and corporate leaders and encourage the highest standards of corporate governance and ethical conduct

THE INSTITUTE'S OBJECTIVES ARE:

- To be the national association of company directors for the local business community. The SID works closely with its network of members, professionals such as accountants and lawyers, and the authorities to identify ways to uphold and enhance standards of corporate governance.
- To act as a forum for exchange of information on issues relating to corporate governance and directorship in Singapore. The SID plays a leading role in holding discussions and providing feedback to the authorities on matters of concern.
- To organise and conduct professional training courses and seminars to meet the needs of its members and company directors generally. Such courses aim to continually raise the professional standards of directors in Singapore by helping them raise their effectiveness through acquisition of knowledge and skills.
- To regularly publish newsletters, magazines and other publications to update members on relevant issues, keeping them informed of latest developments. These publications also serve as reference materials for company directors.
- To be responsible for the discipline of members. The SID has drawn up a code of conduct for directors in Singapore setting out the standards to ensure they discharge their responsibilities dutifully and diligently.

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FROM THE EDITOR

It is clichéd to say that time has once again flown by; but it is a fact. We are already in the middle of 2012, and still battling an uncertain economy, dealing with what remains a vexed issue of more regulation or less, although seemingly, the trend has been a gradual shift to more, and accepting that directors have to simply step up even more to their roles. Whilst some of us might think that these are exciting times, others of us might have become somewhat jaded and simply plod along as normal. But what is normal?

We are obviously and definitely in a different era currently – however, arguably an era that has become the “New Normal”. What does this even mean? To answer this question and more, the Institute’s annual conference theme is focused on Corporate Governance in The New Normal. To share a bit of trivia, even the question of whether it “A” New Normal or “The” New Normal was debated quite a bit within the conference committee; hence, I can assure you of a considerable amount of deliberation, discussion and contemplation (no arguments hopefully) over what the “New Normal” is about and whether it has descended upon us at the Annual Conference.

The Annual Conference will be held on 12 September 2012 at the Marina Bay Sands Singapore. Minister of State Mrs Josephine Teo is Guest of Honour and The Honourable Barbara Hackman Franklin, Chairman of the National Association of Corporate Directors will deliver the Keynote Address. Some of you will remember Ms Franklin deliver her speech by video at our last Annual Conference in September 2011. See and listen to her in person. More detail on the Conference is available on the back cover of this Bulletin. Do register to attend this signature event, and we look forward to seeing you at the Marina Bay Sands on 12 September. We have kept registration rates much lower, and an early bird rate end on 31 July 2012.

The Institute is obviously gearing up considerably towards the Conference. One of the things that you will see is also feature articles from our speakers and panellist. For this issue, we have an article from Ms Franklin on “Looking Forward To The Issues That Will Shape Board Agendas”. And as alluded to the previous paragraph on the New Normal, Ms Franklin starts off this article by stating that “We start the new year in a new place – one dramatically different from where we have ever been. Expectations for board performance are higher than ever, and our work as directors – our wisdom, good judgment and integrity – is more vital than I can remember in the 30 years that I have been serving on corporate boards”.

Apart from Ms Franklin’s article, we also feature an article by another panellist and well know corporate governance advocate, Mr Irving Low. Irving’s article examines the State of Corporate Governance Standards in Singapore, and offers a bird’s eye as well focussed thoughts.

The Annual Conference aside, this issue of the Bulletin also looks at how Rule 719(1) and Rule 1207(10) of the Listing Manual are to be dealt with. Rather than taking an academic slant and providing you with the perceived ins and outs of dealing with these Rules, we had a practicing director share his experiences and provide suggestions. Mr Mike Gray is no stranger to all and comes with many years of experience as a director. An experienced and diligent director, he takes us through best practice steps that ought to be adopted to ensure that any risks of non-compliance is minimised, including new avenues such as seeking comfort from ISO certifications and highlighting the important of the risk culture of the organisation in managing risks. Finally, Mike touches on the not-so-easy and thorny issue of the reports to be given under Rule 1207(10). As a corollary perhaps to Mike’s article, the Good Practice Guidance On Internal Controls, Ethics , And Compliance adopted by the OECD Council adds further suggestions on steps that can be taken to ensure adequate reviews and compliance. A nice cap to the series of articles on risks is Mr Ng Siew Quan’s article on Taking The Right Risks.

Articles aside, the Institute continues to ensure that a regular menu of training, whether through seminars, workshops or dialogues, continue to be made available. On the risks front, two seminars were held in May 2012 on How Boards Can Satisfy Regulatory Requirements On Internal Controls and on Risk Governance Guidance Issued By Corporate Governance Council respectively. There was also a session on The Singapore Corporate Governance Code 2012, which as you know will take effect from 1 November 2012. Sessions such as these provide platforms through which directors and others can share and exchange views and learn from each other.

You will see from the snapshot discussion above that there continues to be refinements in rules being introduced, but at the same time a considerable amount of learning and sharing on-going. This is testimony to the fact that Corporate Governance is a journey, not a destination; and that director roles and duties evolve alongside. It is for this reason that director duties cannot be codified, for example.

It remains for me to thank all contributors to this issue. We look forward to your contributions as well as feedback and comments on this issue.

Kind regards,

Kala Anandarajah
Editor

CHAIRMAN'S MESSAGE



Dear Fellow members,

The last 18 months have been a busy period of activity for Corporate Governance, with a number of reported issues relating to listcos and directors and a host of changes or proposed changes to SGX Listing rules, the Code of Corporate Governance and the Companies Act. These issues and the various public consultation papers on these changes have stimulated significant public debate as well as exchanges in the local media and have once again focused attention on directors' commitment to, and performance in, their role, or in some cases, their shortfall in these key areas.

The changes to the SGX Listing rules came into effect on 21st September 2011 while the revised Code of Corporate Governance was approved by the Monetary Authority of Singapore on 2nd May 2012, although the Code, with the exception of Guideline 2.2 which deals with the need to have independent directors comprising at least 50% of the Board when the Chairman is not independent, will take effect only in respect of annual reports for financial years commencing 1st November 2012. Approval by the Ministry of Finance of the proposed changes to the Companies Act, with or without amendments, however, has yet to be announced.

The various changes to the Listing Rule and to the Code, coupled with the well publicized prosecution of listed company directors for breach or alleged breach of their fiduciary duties and companies for non-compliance with regulator directives and a visible increase in shareholder/stakeholder activism, have prompted many to comment that the local corporate governance landscape has changed and that it would appear we are now seeing a "New Normal".

I would like to share, that in my view, this is not necessarily a new phenomenon but more a continuing maturing and development of our corporate governance eco-system. As Mr. Alan Chan, Chairman of the Corporate Governance Council said at the approval of the New Code, "Good corporate governance plays an important role in ensuring the effective functioning of Singapore's capital markets. Whilst Singapore is well regarded for its corporate governance standards, there must be continuous efforts to encourage good corporate governance practices among Singapore listed companies". It is precisely this need for continual improvement that I believe has prompted many of the "regulatory" changes and increased efforts by stakeholders which have given rise to the perception that the role of a non-executive director has become more onerous.

However, a closer review of the revised Code and the Listing Manual will indicate that with minor exceptions, eg definition of independence for directors, the changes do not, in substance, place new requirements on directors or companies but provide greater clarification and highlight the importance of some of the key principles of good corporate governance. One key area highlighted in both the revised Code and the September changes in the Listing Manual is the board's responsibility for risk governance and the need for directors to take a more active role in ensuring that management maintains a sound system of risk management and internal controls.

Other areas relate to board composition and independence, director competence, development, commitment and multiple directorships, board and director performance and evaluation, development of remuneration policy and determination of director and senior management emoluments and communication with shareholders.

It is encouraging that given Singapore's Corporate Governance eco-system which is a sensible balance between regulation and market and self governance, the latest revisions have kept this balance largely intact. Notwithstanding the current economic uncertainty and several recent high profile mis-steps by global financial institutions, our regulators have chosen, and are to be commended, to retain a principles-based approach to corporate governance in Singapore. This system, however, can only succeed and be sustainable with the collaboration of all stakeholders in the system and their commitment to ensure Singapore is able to retain her strong global reputation for high standards of corporate governance among her listed companies. Boards and directors form a very important component of our CG eco-system and I urge all of you as directors of listcos here to continue to play your part in ensuring the effectiveness of your boards and the performance of your companies.

On a separate note, by the time you receive this bulletin, we would have held our annual golf tournament. This year's tournament was once again played in excellent weather, albeit a little hot, and was highly successful, with all flights fully taken up. I would like to take this opportunity to thank Dr Ng Eng Hen, Minister for Defence, for being our guest-of-honour and for spending almost the whole day with all of us despite his busy schedule. I would also like to thank all our sponsors and golfers for their strong support and participation without whom this success would not have been possible.

Arrangements are now being finalized for our annual Directors Conference to be held on 12th September. All the keynote and main speakers as well as panelists have been confirmed. More details about the conference can be found on the back cover of this bulletin. Registration is now open and I look forward to seeing all of you at what promises to be a truly outstanding event.

Lastly, I would like to congratulate our Council Member, Yeoh Oon Jin on his impending appointment as the new executive chairman of PwC Singapore from 1st January 2013 succeeding Mr Gautam Banerjee. He will be the executive chairman designate from 1st July 2012. Oon Jin has been a key member of our Council and our Executive Committee and we wish him and PwC which has been a staunch supporter since our formation, even greater success in the future.

I thank all of you for your support of the Institute and look forward to continuing to see many of you at our future events.

Warm regards,

John KM Lim
Chairman



SID Governing Council

2011/2012

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The State Of Corporate Governance Standards In Singapore

By Irving Low
Head, Governance, Risk & Compliance
Services
KPMG Advisory LLP



In 2010, Singapore was ranked first among 11 Asian markets in corporate governance rankings by the Asian Corporate Governance Association and Credit Lyonnais Securities Asia. Likewise, the country also stood out in comparison to its Asian counterparts in the September 2010 Governance Metrics International (GMI) study.

However, Singapore did not fare so well globally in the same GMI study and was placed behind best practice jurisdictions such as the United Kingdom (UK), Canada and Ireland.

Just last month, Singapore announced a new Code of Corporate Governance, aimed at bringing the country more in line with these jurisdictions leading in corporate governance.

In particular, changes to the definition of an Independent Director and new guidelines regarding board composition provide a more prescriptive model of corporate governance in Singapore. These revisions to the Code also

create a stronger link between board remuneration and performance. Enhanced remuneration disclosure requirements for directors, CEOs and other key management personnel remuneration are a positive move towards transparency and accountability. In addition, proposed changes to risk governance will provide clarity and reinforce risk management as a key component of corporate governance in Singapore.

However, certain key questions still remain. Will the new Code ensure that Singapore retains its leading regional corporate governance ranking while moving up the hierarchy of global

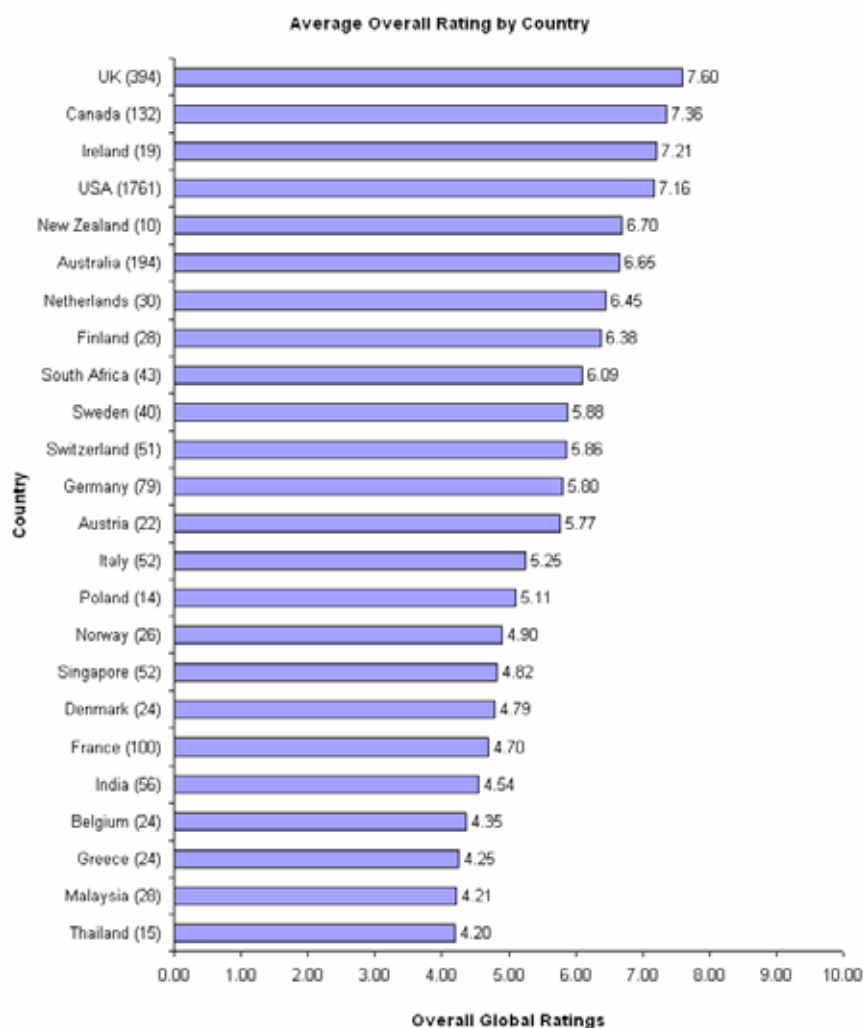
corporate governance? Does it encourage Singapore to foster an effective corporate governance regime reflective of its current and future corporate landscape?

How Singapore's Corporate Governance Code Compares To Other Regions

When comparing Singapore's corporate governance code to that in countries such as Hong Kong, Australia and the UK, several possible areas of concern for Singapore emerged.

One of these areas is director independence. In the revised Code, Singapore's Corporate Governance

Governance Metrics International (GMI): Country rankings as of September 27, 2010



Source: Governance Metrics International • <http://www.gmiratings.com>

Council (CGC) has laid out firm guidelines defining independence from substantial shareholders as well as the length of the term independent directors may serve.

Specifically, two criteria related to substantial shareholders must be met for directors to be considered independent. First, he or she must not have direct association with substantial shareholders over the last three financial years. Next, the director must not be a substantial shareholder or an immediate family member of a substantial shareholder. This provides for clearer guidance as is the case with corporate governance codes in Hong Kong and Australia. It also brings Singapore more in line with the UK's independence guidance on significant shareholders.

However, while these proposed criteria for independence from substantial

stakeholders may improve Singapore's standing in the global corporate governance landscape, they have a widespread impact on Singapore's listed companies. In Singapore's tightly-knitted corporate community, many directors may lose their independent status. This is particularly so for the small-to medium-enterprise (SME) segment, which comprise a large proportion of family-owned businesses.

As is consistent with practices in jurisdictions such as Hong Kong, South Africa and the UK, the CGC has proposed that the term of independent directorship in Singapore not exceed nine years, or then be subject to rigorous review. This recommendation will place Singapore on par with global corporate governance best practices and encourage board renewal. It also aligns all listed companies in Singapore with financial institutions which are already required to comply with the nine-year tenure directive.

There are concerns however that an arbitrary limit of nine years may occur as companies may be entering an important stage in their business cycle. This may encourage circumvention of the Code. Furthermore, according to statistics from a Singapore Institute of

In particular, changes to the definition of an Independent Director and new guidelines regarding board composition provide a more prescriptive model of corporate governance in Singapore. These revisions to the Code also create a stronger link between board remuneration and performance. Enhanced remuneration disclosure requirements for directors, CEOs and other key management personnel remuneration are a positive move towards transparency and accountability. In addition, proposed changes to risk governance will provide clarity and reinforce risk management as a key component of corporate governance in Singapore.

As Mr John Lim, Chairman of the Singapore Institute of Directors states: “I am not convinced of this nine-year limit as an appropriate measure of independence. If you say nine years as a guideline for board renewal, I can go along with that, but as a measure of independence it is not quite appropriate.”

Directors (SID) analysis in June 2011, one quarter of current independent directors of Singapore’s listed companies will fail to comply under this proposed regulation. This would have significant implications for listed companies in Singapore.

As Mr John Lim, Chairman of the Singapore Institute of Directors states: “I am not convinced of this nine-year limit as an appropriate measure of independence. If you say nine years as a guideline for board renewal, I can go along with that, but as a measure of independence it is not quite appropriate.”

In terms of board composition, Singapore’s proposed change requiring at least 50 percent of the board of directors to be independent (should the Chairman and CEO be the same person, an immediate family member, part of the same management team, or if the Chairman is not independent) suggests it is playing catch-up with other jurisdictions. Such guidelines place a heavier requirement on Singapore-listed companies, compared with those in jurisdictions such as Hong Kong and Vietnam. However, Singapore remains behind countries such as Australia and South Africa, which require a majority of the board to be independent under the same conditions.

With the prospect of many companies needing more independent directors on their boards, one key concern is whether there are enough of these directors in Singapore. According to statistics from the SID, 83.2 percent of directors

surveyed only hold one directorship, while another 10.2 percent hold two directorships. This demand for additional independent board members could be met by encouraging directors with only one or two board seats to take on more.

On the issue of multiple directorships, the CGC recommends that the Board should set a limit on the maximum number of listed company board representations which any director may hold, and disclose the number in the annual report. Such proposed changes align Singapore with markets which allow for more informal mechanisms such as Hong Kong, Australia and South Africa, but fall short compared to mandatory rulings in Malaysia and India.

The CGC’s proposal however, is pragmatic, and gives companies and their nominating committees the discretion to decide on an appropriate number of

directorships for their directors. At the same time, the proposed changes have taken into account the complexity and specific needs of different organisations. Requiring companies to disclose their internal limit on multiple directorships is not significantly burdensome.

In a positive move towards transparency and accountability, the new Code’s recommended remuneration practices ensure that Singapore is at the forefront of this corporate governance area in the region. In particular, the need to disclose more information on the link between remuneration and performance allows for enhanced shareholder understanding of remuneration matters. It also enables companies to better rationalise remuneration practices.

Furthermore, these requirements to fully disclose remuneration of each director and CEO on a named basis brings Singapore’s corporate governance code in line with Hong Kong and Australia. Japan and South Africa also have this ruling, but unlike Hong Kong and Australia, they are not required to reveal the aggregate remuneration of the top five executives. This is also now required for Singapore.

The above is unlikely to cause concern. That said, there are companies which have decided not to adopt these principles and have disclosed their

However, do these proposed requirements go far enough? Ms Anandarajah, Partner, Rajah and Tan LLP and Council Member of Singapore Institute of Directors suggests there is a need for much more detailed information on corporate risk management practices to be presented in annual reports, “I think it needs to be elaborated upon. Companies need to go into much more detail about what they have, why they have it, whether it has been tweaked in the past year, and if not, whether the company is confident that it sufficiently addresses its needs”.

reasons for not doing so. However, a potential side effect for companies in Singapore may be an increase in corporate poaching as this information can be used to develop targeted offers from competitors.

With the exception of countries such as China and Vietnam, most countries have requirements or guidelines to disclose key risks, including operational risks, in the annual reports for listed companies. However, the new Code takes the guidance further by allowing for a more robust risk management commentary in a company's annual report. The proposed requirement is for an assurance from the CEO and CFO that the financial records have been properly maintained and that the financial statements give a fair view of the company's operations and finances.

Although this does not represent a substantial change from what is already stated in the Audit Committee Guidance Committee (ACGC) Guidelines, it drives home the point that risk management is of key importance and is a responsibility entrusted to the entire board, rather than a task delegated to the board's audit or risk committee.

Aligning Rules, Regulations And guidelines For Higher Corporate Governance Standards

However, do these proposed requirements go far enough? Ms Anandarajah, Partner, Rajah and Tan LLP and Council Member of Singapore Institute of Directors suggests there is a need for much more detailed information on corporate risk management practices to be presented in annual reports, "I think it needs to be elaborated upon. Companies need to go into much more detail about what

The SGX recently clarified that proper documentation of the deliberations of the board and the audit committee must be maintained. Where the board is satisfied that the issuer has a robust and effective system of internal controls, the disclosure would need to include the basis for such an opinion. This may include the scope of review by the board and the audit committee.

they have, why they have it, whether it has been tweaked in the past year, and if not, whether the company is confident that it sufficiently addresses its needs".

Echoing Ms Anandarajah's views, the need for more disclosure is also now required under the SGX Listing Rule (LR) 1207 (10). The rule states that the board needs to give a positive opinion with the concurrence of the audit committee on the adequacy of the internal controls, addressing financial, operational and compliance risks. When providing this opinion, it is important that the board and the audit committee demonstrate that it has focused its attention in all three areas of risks, namely financial, operational and compliance when assessing the issuer's internal controls.

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The Code's Principle 11 perhaps best illustrates the convergence of Singapore's corporate governance landscape, where we see the alignment of rules,

regulations and guidelines. While broadly similar to SGX LR 1207 (10), Principle 11 of the Code goes beyond financial, operational and compliance risks to include information technology and risk management systems, hence covering a much larger scope than the former. Regardless of differences in scope, what is clear is the heightened message of greater accountability and responsibilities of the boards.

Rankings offer an indication of where countries stand in relation to one other, and Singapore fares well in the region. Globally however, Singapore has the potential to move up in its ranking if it decides to follow the more prescriptive model of jurisdictions such as the United Kingdom.

Whether such rankings provide an accurate picture of how Singapore fares in the region, however, still remains debatable.

For this very reason, meaningful discussions regarding Singapore's corporate governance landscape need to continue. We will never be in a steady state as we do not operate in a static business environment. Therefore, we should expect regulators and the Government to frequently review how Singapore's corporate governance landscape matches up against other jurisdictions in the global business arena.

How To Deal With Rule 719(1) And 1207 (10) Of The SGX Listing Manual

By Mike Gray
Independent Director



With effect from 29 September 2011 SGX updated the listing manual to bring into the listing requirements both the need for adequate internal controls and a specific statement from the board on the adequacy of the internal controls, which must be included in the Annual Report.

Many of us, who are directors of listed entities, were caught by surprise as the implementation requirement was almost immediate. Whilst it always has been a duty of the Board to have responsibility for internal controls, the need to make a compulsory statement by the Board confirming the adequacy of internal controls is new and has led to boards having to focus in particular on this area of responsibility. Many boards, in the past, did not pay enough attention to internal controls, often leaving it to internal audit to cover this aspect.

With the new SGX rules, boards and audit committees are struggling with what additional steps that they need to

take with respect to internal controls so as to be able to give the required 1207(10) opinion.

Some boards tried to water down their 1207 (10) reports, but SGX has specified in an advisory note issued on 16 April 2012 the types of opinion that are acceptable to them. Some entities were even required to restate their reports to a format more acceptable to SGX.

This article aims to set out details of some of the changes brought about by Rule 719(1) and give an idea of some of the actions that boards and audit committees should consider taking so as to be able to provide the required report under Rule 1207 (10).

The Changes

Rule 719 (1) states that, “An issuer should have a robust and effective system of internal controls, addressing financial, operational and compliance risks. The audit committee (or such other committee responsible) may commission an independent audit on internal controls for its assurance, or where it is not satisfied with the systems of internal control”.

In addition Rule 1207 (10) requires that the annual report includes an “Opinion of the board with the concurrence of the audit committee on the adequacy of the internal controls, addressing financial, operational and compliance risks”.

Some boards tried to water down their 1207 (10) reports, but SGX has specified in an advisory note issued on 16 April 2012 the types of opinion that are acceptable to them. Some entities were even required to restate their reports to a format more acceptable to SGX.

What Are The Implications?

The board, before these changes introduced by SGX, did already have responsibility for the governance of risk, which includes internal controls. However, previously the requirement to comment on the adequacy and effectiveness of internal controls was part of the “Code of Corporate Governance”, which is not mandatory, and may be departed from on a “comply and explain” basis.

The new SGX requirements require the board, with the concurrence of the audit committee, to give a formal mandatory written opinion on internal controls. Such an opinion cannot be given lightly. As with other opinions of this nature, the work carried out needs to be recorded properly. SGX has specifically stated that “The issuer should maintain proper documentation of the deliberations of the board and the audit committee”.

Even for those entities with good internal controls, further work will need to be carried out by both the board and audit committee. In addition board members, who may have formerly paid scant attention to financial matters, will need to obtain a comprehensive understanding of internal controls and the procedures required to obtain comfort in this area.

The whole exercise will be more difficult for those entities with significant overseas operations as the Rule 1207 (10) report is for the Group, which would include the internal controls of the overseas entities.

What Are The Internal Controls That Need To Be Implemented?

Boards have often associated internal controls as just financial controls. However, SGX in its advisory note has made it clear that, “When providing this opinion, it is important that the board and the audit committee demonstrate that it has focused its attention in all 3 areas of risks, namely financial, operational and compliance when assessing the issuer’s internal controls”.

It is not the purpose of this paper to examine the technical aspects of internal controls but in general the three types of risks can be summarised as follows:

Financial Risks

Financial risks are associated with the financial structure and systems and the transactions a business makes. Identifying financial risk involves examining the daily financial operations, especially cash flow, recoverability of debts etc .

Financial risk assessment should also take into account external factors such as level of borrowings, interest rates and foreign exchange rates.

Operational Risks

Operational risks are associated with the business’ operational and administrative procedures. These include:

- All aspects of the business
- staffing and management
- supply chain and transportation

- accounting controls
- IT systems
- regulations
- board composition

As can be seen from the list above the risks go far beyond what has been used as a base for the typical internal audit control reviews in the past.

Compliance Risk

Compliance risk is the risk of legal or regulatory sanctions, material financial loss, or loss to reputation a business may suffer as a result of its failure to comply with laws, regulations, rules, related self-regulatory organisation standards, and codes of conduct applicable to its business activities.

What Needs To Be Done By The Board And The Audit Committee

In general boards have previously delegated much of the work on internal controls and risks to the audit committee and/ or risk management committee. However, Rule 1207 (10) requires the board with the concurrence of the audit committee to report on the internal controls and not just the audit committee. This means ipso facto that all Board members must be conversant with what comprises internal controls and the procedures both necessary and carried out to obtain enough satisfaction to give the 1207 (10) report on internal controls.

There are a number of steps that the board/ audit committee will need to take to be able to obtain comfort on the adequacy and effectiveness of the internal controls. Some of these are set out below:

Ensure That The Internal Audit Function Is Adequate

Does the entity have an Internal Audit function and how robust is it? For the board to be able to give the required

The new SGX requirements require the board, with the concurrence of the audit committee, to give a formal mandatory written opinion on internal controls. Such an opinion cannot be given lightly. As with other opinions of this nature, the work carried out needs to be recorded properly. SGX has specifically stated that “The issuer should maintain proper documentation of the deliberations of the board and the audit committee”.

SGX report, it is highly unlikely that an entity without an internal audit function will be able to give an unqualified report on internal controls.

The internal audit arrangements may be internal or as an outsourced function. The board/ audit committee will need to assess the effectiveness of its internal audit procedures. In general, only the larger entities would be able to support a proper internalised internal audit department. A one man show rarely works and even worse he will often report to the CEO or be a part timer with other functions in the entity. For those who do not have an internalised audit function, there are a number of firms that you can engage to provide professional services in internal audit.

Unfortunately the typical internal audit process has only a partial role in obtaining comfort on the internal controls. Firstly internal audit tends to be focussed towards financial controls and not so much operational controls. The SGX report requires financial, operational and compliance risk to be covered. Secondly internal audit usually works on a cyclical basis covering key areas over a period of time. Between audits the controls in an area may lapse. The SGX report requires the report to be provided on all the areas at a particular point in time. Finally the internal audit will report on the various areas covered with exceptions being identified, but

will not give an audit opinion on the Internal controls as a whole.

It is suggested that boards/ audit committees should extend the scope of work of their internal auditors to cover the key risks of the group, including operational risks, so as to give some assurance that they are being managed adequately. The ideal situation would be for the board to receive an assurance audit opinion from the internal auditors on the group’s internal controls at the date that the entity is required to report. However as is explained later in this article, such a report is difficult, if not impossible, to obtain from the internal auditor.

Examine The Work Carried Out By Internal Audit

One of the roles of the audit committee, under the Code of Corporate Governance, is to review the adequacy and effectiveness of the company’s internal audit function. Briefly this would include the review and approval of the audit plan, reviewing internal audit reports and following up on these reports to ensure that action has been taken. In addition the audit committee must discuss with the internal auditors, regularly, as the adequacy of internal controls in the group.

As regards the latter at least one meeting a year should be held without management. Sample questions that

may be asked to the internal auditors can be found both in the “Guidebook for Audit Committees in Singapore” and the “Risk Governance Guidance for listed Boards”. Both of which can be found on the web site of the Monetary Authority of Singapore.

Implement An “Enterprise Risk Management” System

In order to cover operational controls, in particular, it is likely that all listed entities need to implement a form of Enterprise Risk Management (ERM) system with and including an ERM risk matrix.

ERM is a process, put in place by an entity’s board of directors, management and other personnel so as to identify potential events that may affect the entity and to manage them within its risk appetite.

ERM requires input from both management and the board. The end result will normally be a risk matrix. Management will provide inputs as to how best deal with the higher risks. In order to be effective, the board and management should regularly review the ERM risk matrix to take account of changing circumstances. It should not be considered as just a tick the box exercise but a dynamic assessment on an entities risks and how they are being and will be dealt with.

An ERM risk matrix is a good tool for the board as it enables the board to identify and focus on all operational risks and not just financial risks. Typically the risk matrix is colour coded with the highest risks being in red and the lowest in green. It is not intended to and does not replace the internal control framework, but rather incorporates the internal control framework within it, entities can use ERM to identify areas that internal audit needs to concentrate on.

There are many articles on ERM. The report “Risk Governance Guidelines for

Listed Boards” issued by the Corporate Governance Council on 10 May 2012 gives a summary of the ERM process in paragraph 6.

Consider Introducing A “Control Self Assessment”

In addition to having put in place ERM, boards, particularly for larger entities, should consider seriously the implementation of a “Control Self Assessment” (CSA). CSA is a process whereby management validates the operating effectiveness of its internal controls via testing. Typically the procedures would include:

- **Documentation of the control environment**
Identifying the controls and document overall control environment.
- **Ascertain and evaluate risks**
Identify the operational risks arising from the business and rate them.
- **Identify specific controls and test whether they are working**
For each risk that is found, controls need to be identified and tested to ensure that they are working as intended. Where a control is found to be deficient, action would need to be taken to rectify the deficiency.
- **Monitoring and Reporting results**
The results arising from CSA need to be periodically monitored to ensure that there are no breakdowns in controls. Regular reports of the results of testing and corrective action, where there are weaknesses, should be provided to senior management and the board.

There are various tools for CSA such as Flow Charts, Internal Control Questionnaires (ICOs), Control Guides, Workshops etc.

As is the case of ERM, CSA should not be considered a paper exercise but as a part of the process of managing risk. To this end the documentation should be regularly updated with regular reporting to the board/ audit committee.

One of the roles of the audit committee, under the Code of Corporate Governance, is to review the adequacy and effectiveness of the company’s internal audit function. Briefly this would include the review and approval of the audit plan, reviewing internal audit reports and following up on these reports to ensure that action has been taken. In addition the audit committee must discuss with the internal auditors, regularly, as the adequacy of internal controls in the group.

Discuss Internal Controls With The External Auditors

The Companies Act 201B (5)(a)(ii) includes as the function of an audit committee; “to review with the auditor, his evaluation of the system of internal accounting controls”.

However, it should be noted that the external auditor only considers internal controls relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal controls.

In fact in some circumstances, the auditor may only place very limited reliance on controls for the purpose of the audit. In particular, where there are weak controls, other validation processes may be used to obtain the audit comfort.

Whilst the role of an external auditor concerning internal controls is technically limited, a responsible external auditor will include any identified weaknesses in the external auditor’s management letter. The audit committee should review such letters and management’s response and monitor the implementation of remedial action.

In addition to the management letter, in the one to one meeting between the audit committee and external auditor, which should be held at least annually,

the audit committee should include questions on the robustness of internal controls in the entity and any weak areas that the external auditor may be aware.

Discussion With Management

Whilst the board is responsible for the governance of risk, it is up to management to maintain a sound system of risk management and internal controls to safeguard shareholders’ interests and the company’s assets.

In addition to the representation from management set out below, the board/ audit committee should discuss with management as to the design and operating effectiveness of the internal controls in the Group. Appendix B of the “Guidebook for Audit Committees in Singapore” gives details of typical questions that may need to be addressed to management.

Other Possible Areas Of Comfort

The areas mentioned above cover the normal avenues for obtaining comfort over internal controls. Boards need to be on the lookout for any other possibilities. For instance ISO certification may cover some of the operational risks, depending on the type of certification. The risk culture of the group will also play a significant part in determining the adequacy of internal controls. Risk culture is not a topic of this paper. However, it is important to

note that if the board sets a high “tone at the top”, the chances are that this will flow through to the lower levels of staff.

Representations And Reports

From Management

The board, pursuant to the Code of Corporate Governance, should comment in the company’s annual report on whether it has received assurance from the CEO and the CFO ... regarding the effectiveness of the company’s risk management and internal control systems. This assurance should be obtained.

In addition to the above assurance, it is suggested that management give a similar report as to that required to be given by the board under A Rule 1207 (10), but adapted to reflect the responsibility of management. Having to provide this opinion on internal controls should focus the CEO and CFO on their responsibilities to implement adequate internal controls.

From Internal Auditor

Rule 719 (1) does state that “the audit committee (or such other committee responsible) may commission an independent audit on internal controls for its assurance”. To be able to obtain a statement of assurance from the internal auditors that in their opinion the internal controls are adequate or a similar form of report, would give a high degree of comfort to the board. Unfortunately my attempts to get such an opinion from the major internal audit outsourcing firms has failed as presumably they do not want to take on the risks of giving such a report.

Under the circumstances the best that boards can do is for the internal auditor to carry out additional work on the key risks and report their findings.

Reports To Be Given Under Rule 1207(10)

SGX guidance on the form of reports states, “Where the board is satisfied that the issuer has a robust and effective system of internal controls, the disclosure would need to include the basis for such an opinion, which may include the scope of review by the board and the audit committee”.

Acceptable Reports

The SGX has specified that the following two formats for reports are acceptable

Illustration 1

“Based on the internal controls established and maintained by the Group, work performed by the internal and external auditors, and reviews performed by management, various Board Committees and the Board, the Audit Committee and the Board are of the opinion that the Group’s internal controls, addressing financial, operational and compliance risks, were adequate as at”.

Illustration 2

“The Board, with the concurrence of the Audit Committee, after carrying out a review, is of the opinion that the internal controls of the Group are adequate to address operational, financial and compliance risks. In arriving at the opinion, the Board is of the view that the internal controls of the Group have reasonable assurance about achieving the objectives set out below.

For the purpose of the Board expressing its opinion and in line with the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) Internal Controls Integrated Framework, “internal controls” is broadly defined as “a process effected by an entity’s board of directors and other personnel, designed to provide reasonable assurance regarding the achievement of objectives

in the following categories:

- effectiveness and efficiency of operations;
- reliability of financial reporting; and
- compliance with applicable laws and regulations”.

The first category addresses an entity’s basic business objectives, including performance and profitability goals and safeguarding of assets. The second category relates to the preparation of reliable published financial statements, including interim and full year financial reports and financial information derived from such statements, reported publicly. The third category deals with complying with those laws and regulations to which the entity is subject.

Unacceptable Reports

The SGX has specified that the following as being unacceptable

Illustration 3 – Unacceptable

“The Board, with the concurrence of the Audit Committee, believes that there are adequate internal controls in the Company”.

To avoid having the report rejected is suggested that boards follow one or other of the formats suggested by SGX and not to try and modify the report.

Qualified Reports Where Controls Are Inadequate

SGX has clarified that in circumstances that controls are inadequate, “Where the board and/or the audit committee is of the view that controls need to be strengthened or has concerns over any deficiency in controls, the board would have to disclose the areas of concerns and how it seeks to address and monitor the areas of concerns”.

In general boards should take all steps to avoid a qualified report as it reflects badly on the entity and could result in questions being raised by SGX and the

shareholders. Nevertheless, if there are areas of significant weaknesses in the internal controls these must be specified in the report as well as the steps to be taken to rectify the weaknesses.

Rider Paragraphs To The Report

Whilst it is necessary to follow the SGX format for the 1207 (10) report. It is acceptable to provide some clarifications, so long as they do not contradict the substance of the 1207 (10) report. Two examples of acceptable rider paragraphs are included below:

1. “The Board recognises that the internal control system provides reasonable but not absolute assurance to the integrity and reliability of the financial information and to safeguard the accountability of the assets
2. “The Board wishes to state that the system of internal controls provides reasonable, but not absolute, assurance as to financial, operational and compliance risks. No such system can provide absolute assurance against the occurrence of material errors and other situations not currently within the contemplation or beyond the control of the Board.”

Location Of The Report

SGX’s preference is to include the 1207 (10) report in the “Report of the Directors”. This would seem to give more weight to the report as compared to including it as part of the “Corporate Governance” section, as the Directors’ Report, includes statutory disclosures under the Company’s Act and is specifically signed off by two Directors on behalf of the Board“. The “Corporate Governance” section on the other hand is an attachment to the Annual Report and contains other general disclosures, including those under the “Code of Corporate Governance”.

Some directors that I have spoken to maintain that the directors expose

themselves to more personal liability by including the section 1207 (10) report in the “Directors’ Report, but this would be up to lawyers to decide at the end of the day. Directors, no doubt should mitigate their own risks, so my suggestion is that the 1207 (10) report is included under the “Corporate Governance” section of the Annual Report. This would also seem the more appropriate place to include it as that is where many of the issues concerning governance and controls are set out.

Other Steps That Board Members Should Consider Taking

Readings

All Board members and not only those on the audit committee should read and become conversant with the “Guidebook for Audit Committees in Singapore”, which can be accessed via the Monetary Authority of Singapore web site. There is much useful information both on internal controls and steps that need to be taken to get comfort in this area.

Another publication on the same web site, which is a must read for all boards, is the report “Risk Governance Guidance for Listed Boards” produced by the Corporate Governance Council.

There are also a number of articles that are available from the accounting firms and in professional magazines that are useful and should be read by directors wishing to obtain a better understanding on risks and internal controls.

Seminars

SID and other bodies run seminars covering many areas including internal controls. Seminars can be a useful way to not only obtain knowledge but to discuss with other directors as to how they are addressing issues. Rule 719 (1) has featured in a number of recent SID seminars.

Board Briefings

For those boards with members who are not conversant with accounting and internal controls, boards should consider running briefing sessions for their board members in this area. It should be noted that board briefings and seminars would count towards compliance with the Code of Corporate Governance guideline 1.6 and related disclosures in the Annual Report regarding training provided to new and existing directors.

Conclusion

Before the introduction of rule 719 (1), boards did have the responsibility for governance, which includes internal controls, but there was no requirement for the Board to produce a compulsory report as required by rule 1207 (10). In the past, internal controls tended not to be on the radar screens of boards as this area tended to be delegated to the audit committee. The SGX requirements now put internal controls as a key area of focus for listed entity boards. This is a positive move towards enhancing corporate governance.

Boards and Audit Committees should not give the 1207 (10) report lightly as it clearly puts the board in the hot seat. The new requirements are like a noose around the neck of board members. A corporate failure resulting from a slip up in the internal controls, accompanied by inadequate work in this area, and board members have the potential of being hauled up by the authorities or the courts or both. Boards that have carried out the necessary work on internal controls and have documented it properly should be able to mitigate their risks.

Whilst this article is not comprehensive it is hoped that it provides some thoughts as to what direction board members should look in order to be able to provide the 1207 (10) report.

Taking The Right Risks

Risk Governance Defined

By Ng Siew Quan, Partner And Alvin Chiang, Manager, Risk & Control Solutions PricewaterhouseCoopers LLP



It's All About Managing Risks

You may have realised that of late, the issue of dealing with risk and uncertainty has been a constant theme across many newspaper editorials worldwide. In particular, it is the inability to properly manage them that has led to sensational headlines being made.

It's never easy to navigate risks when you're the one in the driver's seat, but having sound fundamentals definitely helps.

Back To Basics

Recognising that good risk management goes hand-in-hand with good corporate governance, the Corporate Governance Council¹, in reviewing the Singapore Code of Corporate Governance, introduced the concept of Risk Governance as a key principle² to the Code.

The revised Code puts the mantle of Risk Governance squarely on the shoulders of the Board. To provide further clarity

and guidance, the Council subsequently released a supplement titled "Risk Governance Guidance for Listed Boards".

Key information on risk governance is provided in the guidance, including the following areas:

- How the Board can carry out its responsibility of risk governance of the company
- Factors which the Board should collectively consider when overseeing

the company's risk management framework and policies

- The Board's responsibilities in Risk Governance vis-à-vis Management's
- Emphasis is placed on the notion that risk governance cannot be approached from a "one-size-fits-all" angle, which is aligned with ISO 31000's principle³ that risk management should be tailored to fit the organisation.

In essence, the document aims to provide Directors with guidance on



these salient questions⁴:

- What is Risk Governance?
- Who is responsible for Risk Governance and implementation of Risk Governance policies / measures?
- What constitutes a sound system of risk management and internal controls?
- What goes into a risk management policy?
- How can risk tolerance be determined?
- What does a risk management process look like?
- What are some of the key Information Technology (“IT”) risks?
- How does the Board ensure that the risk management and internal controls system is adequate and effective?
- What should be disclosed in the company’s annual report with respect to risk management and internal controls?

The Concept of Risk Governance

The guidance states that Risk Governance:

- Is the architecture within which risk management operates in a company
- Defines the way in which a company undertakes risk management
- Provides guidance for sound and informed decision-making and effective allocation of resources

Successful Risk Governance is therefore contingent on how effectively the Board and Management are able to work

together in managing risks. Central to this is the Enterprise Risk Management (ERM) framework, which articulates and codifies how an organisation approaches and manages risk.

Defining Roles and Responsibilities

The guidance states that the role of the Board in the governance of risk is in providing oversight of the company’s risk management and internal controls system.

Within the context of the company’s business model and strategies, the Board

Recognising that good risk management goes hand-in-hand with good corporate governance, the Corporate Governance Council¹, in reviewing the Singapore Code of Corporate Governance, introduced the concept of Risk Governance as a key principle² to the Code.

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should work with Management in determining which risks to take, as well as how much of it. It should then ensure that Management has in place the necessary safeguards in place to manage those risks. The Board’s oversight responsibility also includes reviewing the system periodically for adequacy and effectiveness.

If required, the Board may choose to establish a separate Board Committee to assist it. It could also consider including Risk Governance into the scope of the Audit Committee.

The role of Management lies primarily in the design and execution of the risk management and internal controls system in accordance with the risk policies and direction set by the Board. It is also responsible for providing the Board with the necessary information when it comes to the monitoring and reporting of risks.

To support the overall Enterprise Risk Management initiatives, the company may consider appointing a Chief Risk Officer to provide executive oversight and co-ordination.

Such a decision would depend on various factors, including the scale, diversity and complexity of the company’s operations.

A Sound System Of Risk Management And Internal Controls

A sound system of risk management and internal controls contributes to the safeguarding of the company’s assets and consequently shareholders’

investment⁵. At the same time, one must also appreciate that it can only provide reasonable (but not absolute) assurance.

A thorough and regular evaluation of the nature and extent of risks to which the company is exposed can help contribute to the maintenance of a sound system of risk management and internal controls. This is where the Enterprise Risk Management (ERM) framework comes in.

Some principle ERM frameworks and standards listed in the guidance include:

- AS/NZS ISO 31000:2009 Risk Management – Principles and Guidelines
- Committee of Sponsoring Organisations (COSO) Enterprise Risk Management – Integrated Framework
- ISO 31000:2009 Risk Management – Guidelines on Principles and Implementation of Risk Management

Conceptually, ERM frameworks should have in common the following six elements (as highlighted in the guidance):

- Risk Strategy and Policy: The consideration of risk as a company sets its strategic direction and policies

- Risk Process: How risk is identified, assessed and managed in day to day activities
- Risk Structure: The specific risk management functions and responsibilities established to sustain the focus on risk management
- Culture: The culture and behaviours that need to be developed and sustained to support effective risk management
- Risk Systems and Tools: The systems and tools used to facilitate the risk management process
- Assurance: How assurance is gained over the effective operation of the risk management framework

Simple But Not Simplistic

It’s often said that that the devil lies in the details and same applies when it comes to rolling out an ERM framework. That’s where the well-known adage “simplicity is the ultimate sophistication” comes in handy.

Operationalisation of the ERM framework is often cited as a key challenge by practitioners, and many failures in this aspect can be attributed to organisations committing the cardinal sin of over-designing the framework and processes such that no one understands how it works apart from the designer himself.

While excessive complexity is a no-no, the other extreme of must also be avoided. Over-simplification of risks for example, may result in the treatment of a symptom rather than the root cause.

Hence, the challenge is in developing an ERM framework that is simple enough

The guidance states that the role of the Board in the governance of risk is in providing oversight of the company’s risk management and internal controls system.

Table 1: The ERM Maturity Framework

Level of Maturity	Framework	Commitment	Ownership	Processes	Communication & Training	Measurement	HR Support	Oversight
Ad hoc	No Structured approach	Risk management Seems as unnecessary expense	No interest in using risk management	No tracking of Risk management	No formal risk management training	No risk assessment performed	No HR support	No standard reporting
Initial	Policy/process defined	Rules-based approach	Partially defined roles	Risk management champion drives implementation	Risk management material circulated	One-off requirements announced	New staff trained	Monitored by exception
Repeatable	Practical guidance provided	Proactive approach	Clearly defined roles	Managers drive implementation	Co-ordinated training provided	Repeat measurements reported	Risk management integrated into all training	Business units monitor own risks
Managed	Managers confirm compliance	Risk management embedded	Centre of excellence model	Business units drive implementation	Business units drive tailored training	Risks measured consistently	Risk management ability impacts hire/promote decisions	Single view of risk across organization
Excellence	Risk management central to decision making	Risk management used for strategic advantage	Managers pursue risk unconsciously	Board and CEO drive risk agenda	Training focuses on best practice	Risk-adjusted performance measures used	Risk management seamlessly integrated into HR	Business driven with key risk indicators

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The role of Management lies primarily in the design and execution of the risk management and internal controls system in accordance with the risk policies and direction set by the Board. It is also responsible for providing the Board with the necessary information when it comes to the monitoring and reporting of risks.

for everyone to understand, yet robust enough to deal with complex risks. The best frameworks often are those that are simplest, both in design and execution. Risk management should not be “bolted on” your processes, but rather “built in”.

Before embarking on an ERM programme, it would be useful to consider the current condition of your organisation’s risk management framework and practices vis-à-vis your desired state. Our maturity framework in Table 1 provides a useful reference for this. The key to success lies in effective change management: understanding that the journey to excellence has to be progressive and cannot be rushed.

Connecting The dots: Linking Risk Management To The Business

The other thing about risk management is that it should never be standalone, isolated from the other business processes. An effective risk management framework includes the necessary linkages to these processes and spells out the relationship between them.

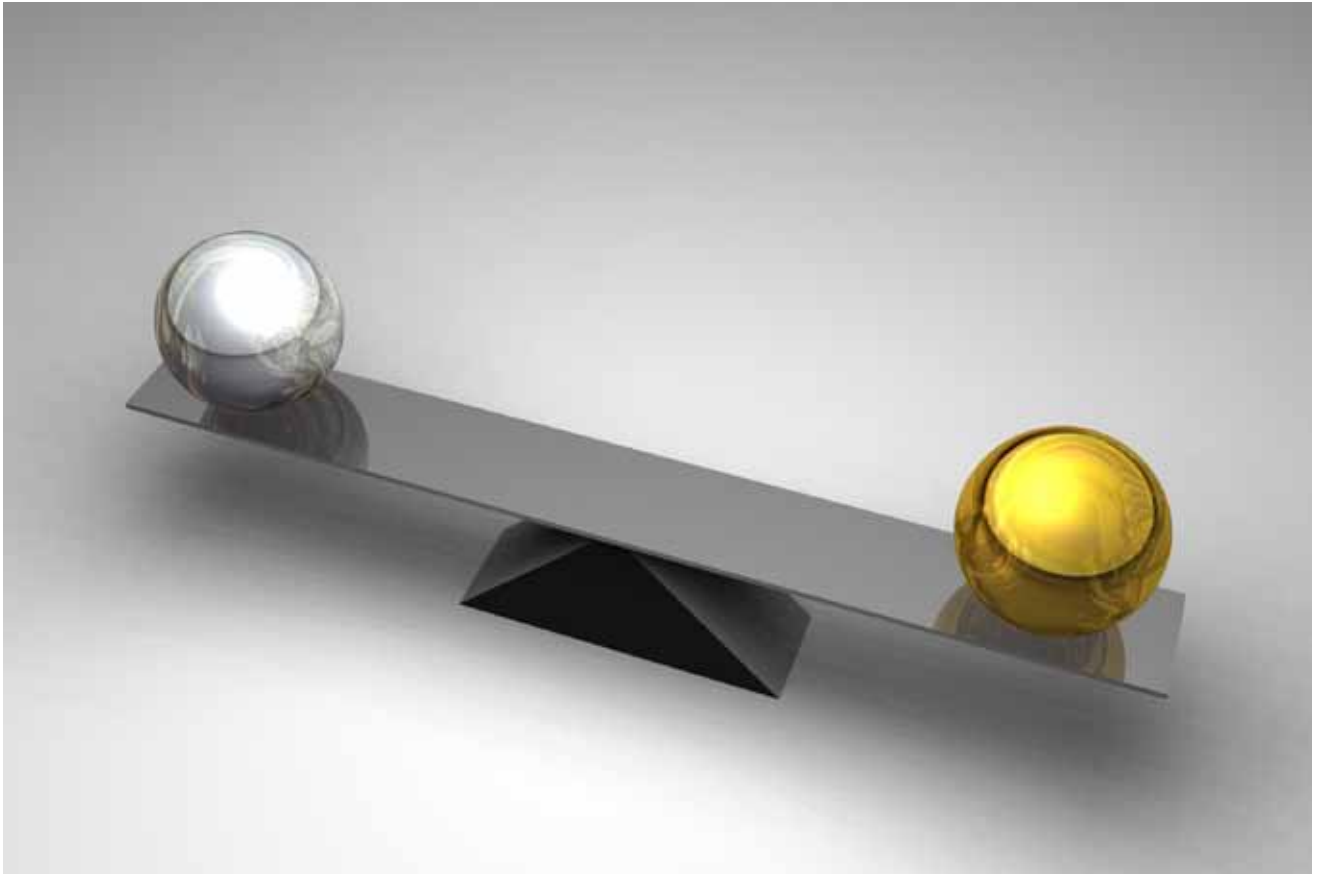
For example, the articulation of business strategies should encompass the development of plans to address associated risks, which in turn should drive budget allocation. After all, there is little sense in having risk management

plans without the necessary resources to execute them.

Ensuring An Adequate And Effective Risk Management And Internal Controls System

The Board should undertake an annual assessment for the purpose of making its public statement in the annual report on the adequacy and effectiveness of the company’s risk management and internal control systems.

To ensure an adequate and effective risk management and internal controls system, the Board should first define the process to be adopted for its review of the risk management and internal controls system. It should then look into what significant risks have been identified and consider how effectively they are being managed. Is there a need for more monitoring and control for any particular risk? Are prompt actions taken to remedy significant failings or weaknesses in the risk management and internal control system?



The Board should undertake an annual assessment for the purpose of making its public statement in the annual report on the adequacy and effectiveness of the company's risk management and internal control systems.

What Goes Into The Annual Report

In providing a commentary in its annual report, the Board should summarise the process which it has applied in reviewing the adequacy and effectiveness of the system of risk management and internal controls. In addition, the Board should comment on whether the CEO and CFO

have provided the Board with assurance on the integrity of the financial records / statements, as well the effectiveness of the company's risk management and internal control systems.

Taking Your Chances

Effective Risk Governance does not equate to being risk-averse. As in the

words of the poet T.S. Eliot:

“Only those who will risk going too far can possibly find out how far one can go.”

It is therefore being smart about the risks you take, being adaptable to the constantly-changing business environment. It is about building resilience, ensuring that there are fail-safe mechanisms in place to cushion any unsuccessful gambits. These are the hallmarks of effective Risk Governance.

It is always useful to keep this in mind: the pursuit of any opportunity is always accompanied by an element of risk. How effectively we deal with these risks ultimately defines the extent of our success.

Endnotes:

1. The Corporate Governance Council was set up in February 2010 to review and update Singapore's Code of Corporate Governance
2. See Principle 11 of the Revised Code of Corporate Governance
3. ISO 31000:2009 Risk management — Principles and guidelines
4. Risk Governance Guidance for Listed Boards, Corporate Governance Council, 10 May 2012
5. Ibid.

Good Practice Guidance On Internal Controls, Ethics, And Compliance

Adopted 18 February 2010

This Good Practice Guidance was adopted by the OECD Council as an integral part of the Recommendation of the Council for Further Combating Bribery of Foreign Public Officials in International Business Transactions of 26 November 2009.



This Good Practice Guidance acknowledges the relevant findings and recommendations of the Working Group on Bribery in International Business Transactions in its programme of systematic follow-up to monitor and promote the full implementation of the OECD Convention on Combating Bribery of Foreign Public Officials in International Business Transactions (hereinafter “OECD Anti-Bribery Convention”); contributions from the private sector and civil society through the Working Group on Bribery’s consultations on its review of the OECD anti-bribery instruments; and previous work on preventing and detecting bribery in business by the OECD as well as international private sector and civil society bodies.

Introduction

This Good Practice Guidance (hereinafter “Guidance”) is addressed to companies for establishing and ensuring the effectiveness of internal controls, ethics, and compliance programmes or measures for preventing and detecting the bribery of foreign public officials in their international business transactions (hereinafter “foreign bribery”), and to

business organisations and professional associations, which play an essential role in assisting companies in these efforts. It recognises that to be effective, such programmes or measures should be interconnected with a company’s overall compliance framework. It is intended to serve as non-legally binding guidance to companies in establishing effective internal controls, ethics, and compliance

programmes or measures for preventing and detecting foreign bribery.

This Guidance is flexible, and intended to be adapted by companies, in particular small and medium sized enterprises (hereinafter “SMEs”), according to their individual circumstances, including their size, type, legal structure and geographical and industrial sector of operation, as well as the jurisdictional

and other basic legal principles under which they operate.

Good Practice Guidance For Companies

Effective internal controls, ethics, and compliance programmes or measures for preventing and detecting foreign bribery should be developed on the basis of a risk assessment addressing the individual circumstances of a company, in particular the foreign bribery risks facing the company (such as its geographical and industrial sector of operation). Such circumstances and risks should be regularly monitored, re-assessed, and adapted as necessary to ensure the continued effectiveness of the company's internal controls, ethics, and compliance programme or measures.

Companies should consider, inter alia, the following good practices for ensuring effective internal controls, ethics, and compliance programmes or measures for the purpose of preventing and detecting foreign bribery:

- strong, explicit and visible support and commitment from senior management to the company's internal controls, ethics and compliance programmes or measures for preventing and detecting foreign bribery;
- a clearly articulated and visible corporate policy prohibiting foreign bribery;
- compliance with this prohibition and the related internal controls, ethics, and compliance programmes or measures is the duty of individuals at all levels of the company;
- oversight of ethics and compliance programmes or measures regarding foreign bribery, including the authority to report matters directly to independent monitoring bodies such as internal audit committees of boards of directors or of supervisory boards, is the duty of one or more senior corporate officers, with an adequate

Effective internal controls, ethics, and compliance programmes or measures for preventing and detecting foreign bribery should be developed on the basis of a risk assessment addressing the individual circumstances of a company, in particular the foreign bribery risks facing the company (such as its geographical and industrial sector of operation). Such circumstances and risks should be regularly monitored, re-assessed, and adapted as necessary to ensure the continued effectiveness of the company's internal controls, ethics, and compliance programme or measures.

level of autonomy from management, resources, and authority;

- ethics and compliance programmes or measures designed to prevent and detect foreign bribery, applicable to all directors, officers, and employees, and applicable to all entities over which a company has effective control, including subsidiaries, on, inter alia, the following areas:
 - gifts;
 - hospitality, entertainment and expenses;
 - customer travel;
 - political contributions;
 - charitable donations and sponsorships;
 - facilitation payments; and
 - solicitation and extortion;
- ethics and compliance programmes or measures designed to prevent and detect foreign bribery applicable, where appropriate and subject to contractual arrangements, to third parties such as agents and other intermediaries, consultants, representatives, distributors, contractors and suppliers, consortia, and joint venture partners (hereinafter "business partners"), including, inter alia, the following essential elements:
 - properly documented risk-based due diligence pertaining to the hiring, as well as the appropriate and regular oversight of business partners;
 - informing business partners of the company's commitment to abiding by laws on the prohibitions against foreign bribery, and of the company's ethics and compliance programme or measures for preventing and detecting such bribery; and
 - seeking a reciprocal commitment from business partners.
- a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts, to ensure that they cannot be used for the purpose of foreign bribery or hiding such bribery;
- measures designed to ensure periodic communication, and documented training for all levels of the company, on the company's ethics and compliance programme or measures regarding foreign bribery, as well as, where appropriate, for subsidiaries;
- appropriate measures to encourage and provide positive support for the observance of ethics and compliance



Business organisations and professional associations may play an essential role in assisting companies, in particular SMEs, in the development of effective internal control, ethics, and compliance programmes or measures for the purpose of preventing and detecting foreign bribery.

programmes or measures against foreign bribery, at all levels of the company;

- appropriate disciplinary procedures to address, among other things, violations, at all levels of the company, of laws against foreign bribery, and the company's ethics and compliance programme or measures regarding foreign bribery;
- effective measures for:
 - providing guidance and advice to directors, officers, employees, and, where appropriate, business partners, on complying with the

company's ethics and compliance programme or measures, including when they need urgent advice on difficult situations in foreign jurisdictions;

- internal and where possible confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, business partners, not willing to violate professional standards or ethics under instructions or pressure from hierarchical superiors, as well as for directors, officers, employees, and, where appropriate, business

partners, willing to report breaches of the law or professional standards or ethics occurring within the company, in good faith and on reasonable grounds; and

- undertaking appropriate action in response to such reports;
- periodic reviews of the ethics and compliance programmes or measures, designed to evaluate and improve their effectiveness in preventing and detecting foreign bribery, taking into account relevant developments in the field, and evolving international and industry standards.

Actions By Business Organisations And Professional Associations

Business organisations and professional associations may play an essential role in assisting companies, in particular SMEs, in the development of effective internal control, ethics, and compliance programmes or measures for the purpose of preventing and detecting foreign bribery. Such support may include, inter alia:

- dissemination of information on foreign bribery issues, including regarding relevant developments in international and regional forums, and access to relevant databases;
- making training, prevention, due diligence, and other compliance tools available;
- general advice on carrying out due diligence; and
- general advice and support on resisting extortion and solicitation.

Looking Forward To The Issues That Will Shape Board Agendas

By The Honourable Barbara Hackman Franklin
Chairman, National Association of Corporate Directors



We start the new year in a new place – one dramatically different from where we have ever been. Expectations for board performance are higher than ever, and our work as directors – our wisdom, good judgment and integrity – is more vital than I can remember in the 30 years that I have been serving on corporate boards.

One main reason is the extreme uncertainty and volatility of the current time. The U.S. is recovering from the recession and the economy is growing, though not robustly. The euro zone has sovereign debt problems. Japan has suffered severe natural disasters. World economic growth has slowed, and global stock markets go up and down seemingly on a whim.

Add to this mix the passage of the Wall Street Reform and Consumer Protection Act (a.k.a. Dodd-Frank)—the most sweeping financial reform legislation in 50 years— which requires federal agencies to craft 400 new rules. Nearly a quarter of these were assigned to the

Securities and Exchange Commission, including some directly aimed at greater transparency into the workings of the boardroom and the qualifications of directors.

There are a several specific challenges to keep in mind for the year ahead— challenges that have been dogging boards for quite some time.

One main reason is the extreme uncertainty and volatility of the current time. The U.S. is recovering from the recession and the economy is growing, though not robustly. The euro zone has sovereign debt problems. Japan has suffered severe natural disasters. World economic growth has slowed, and global stock markets go up and down seemingly on a whim.

I believe there will be closer scrutiny of executive compensation in the year ahead. As long as the U.S economy is soft and unemployment remains too high, there is the risk that another scandal or other spark could ignite yet another big wildfire around executive compensation. That would extend an invitation to government to once again step into the boardroom. As directors, it's imperative that we endeavor to pay for performance—not nonperformance—and really mean it.

The Issues

Executive compensation is a continuing challenge. Public concern about “excessive” CEO compensation just won't go away. “Say on pay,” the nonbinding advisory shareholder vote on executive compensation, went into effect for the 2011 proxy season. And even though the say-on-pay votes were overwhelmingly positive, we shouldn't take much comfort in that. I believe there will be closer scrutiny of executive compensation in the year ahead. As long as the U.S economy is soft and unemployment remains too high, there is the risk that another scandal or other spark could ignite yet another big wildfire around executive compensation. That would extend an invitation to government to once again step into the boardroom. As directors, it's imperative that we endeavor to pay for performance—not nonperformance—and really mean it.

The second issue is diversity. Broadly speaking, this includes diversity of thought, experience, skills, gender and race. The NACD co-hosted two events last year with governance and governance-related experts and experienced officers and directors to try to better understand the dynamics of diversity. A key challenge: What is holding women back? I spoke at a session in New York aimed at promoting

more women on boards and finding ways to crack the 15 percent barrier. That's the percentage of board seats held by women on Fortune 500 boards. (The percentage is even lower for the boards of smaller companies, according to NACD's Public Company Governance survey, released in November.) That 15 percent figure has remained pretty much unchanged for the better part of the last decade. The challenge is to understand why and then to do something about it.

I'm a fervent believer in the power of diversity, broadly defined, because I have seen the results firsthand. A more diverse group can bring new ideas to the board table as well as new ways of looking at old ideas and old problems. This, together with enlightened leadership, can bring more value not only to the board but also to the company.

In the year ahead, I look forward to continuing NACD's mission to “move the needle.” One key to this movement

is annual board and director self-assessments. Clearly, these are essential elements in ensuring board renewal. Such assessments can illuminate any gaps in experience and expertise that changes in strategy may make desirable.

The third issue is new technology—mobile, social, the cloud, plus emerging technologies whose names we do not yet know. There are young people in my company, the 20-somethings, who think I am “out to lunch” on these technologies and their growing influence. They have challenged me to get up to speed, and I'm working hard to better understand, for example, how social media can be used to communicate with and listen to shareholders, customers and employees. That's the positive side of these wonderful new discoveries.

There is the other side, though, and that's the risk side. It means that a company's internal control structure must run constantly to keep up with the advances. We as directors need to run to keep up with what is going on, too, if we are to do a proper IT oversight job. We must help companies guard against the cybercrimes that can result in the theft of identity or intellectual property—or entire system meltdowns. It's a tall order for those of us over 30, but it is well worth reaching for.

Working Together

Please consider NACD your partner as you work to meet the challenges of today's corporate environment—to understand fully the businesses you serve, how they make money,

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their strategies and risks—and as you continue to build strong, diverse boards whose members work well together in a culture of openness and candor. NACD is committed to keeping you at the forefront of knowledge by giving you the tools you need to be the best you can be.

The NACD is the only membership organization for public company directors—now more than 11,000 strong—that is operated as a not-for-profit 501(c)(3). Ken Daly is our energetic president and CEO, and the NACD staff is eager to be of service. The NACD board is strong, independent, diverse and as committed a group as I have ever served with in the not-for-profit sector. NACD will celebrate 35 years of service to directors in 2012. It's a record we are proud of, and will continue to build on.

NACD offers:

Educational experiences, which include courses, webcasts and webinars on substantive areas, such as doing in business in China, as well as on leading practices in governance. Many experienced directors are qualifying to become NACD Board Leadership Fellows, showing their commitment to continuing education.

Resources through the NACD library, which has the best collection of governance publications and other resources on the planet, assembled and embellished over the past 35 years. When you're a member, these resources are only a phone call or a few clicks away. The daily emailed news summary is one of my favorites.

Peer-to-peer convocations nationally and within our 22 chapters allow directors to network, share experiences and learn from each other.

Advisory Councils were convened nationally last year to bring board audit, compensation and nominating and governance committee chairs together with key institutional shareholder representatives and regulators. Each of these three sessions sought to foster a more productive dialogue around such complex issues as risk oversight,

executive pay and transparency.

The Voice of the Director Initiative brings the views of directors to the public policy process where otherwise directors have no voice at all. In 2011, for example, on behalf of our membership, the NACD's Ken Daly testified before a congressional subcommittee on the consequences of the SEC's whistleblower proposal. We provided written comment on that issue and on the Public Company Accounting Oversight Board's (PCOAB) concept releases about mandatory audit firm rotation and revisions to the audit report. And we commented for the first time on a non-U.S. proposal—the European Commission's "green paper" on audit policy.

Using technology, we can tap into what you, our members, think about issues. So, if you get survey questions via email, please answer them. They help NACD formulate positions on your behalf. Let me conclude with a last thought from the American philosopher Yogi Berra: "If you don't know where you're going, you might not get there." Well, I think we know where we're going. We know as directors that the work we are doing is essential—for our companies, our shareholders, our stakeholders, our countries' economies, as well as the global free market system of capitalism. We will carry on with this vital work. Let's pledge to be the best we can be.

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This article was first published in the January/February 2012 issue of the NACD Directorship. Permission to reprint is granted by the author, the Honourable Barbara Hackman Franklin.

A People Strategy For Asia's Emerging Markets

Build Better Bosses

By Carolyn Chan
Managing Partner, CHRO Practice,
Asia Pacific
Heidrick & Struggles



The rapid growth of Asian economies is driving demand for more effective leadership to manage the growth. But as regional and multinational companies alike compete for the same scarce Asian executive talent, the question becomes: How can the best people be attracted, retained and developed in order build sustainable businesses?

Nowhere is this talent dilemma more apparent than in emerging markets, where demand is greatest for leaders who can bridge the gap between head office and the local market.

The lure of the multinational or western corporate brand is no longer enough to retain talent. Not only are local brands rising in stature, but the western corporate culture of rapid change and frequent reorganizations, is starting to unsettle employees.

But the issue of Asian leadership is complicated by a culture which does not promote “the cult of the individual” that we see in Western civilizations. From a

young age, Asian children are taught to be “seen but not heard.” They dare not question or challenge authority, and they are not encouraged to make mistakes. Here, there is a right way and a wrong way to do things, and workers must wait for the bosses to give instructions. They also tend to pay deference to the highest authority in the chain of command.

In such an environment, the key is to develop a manager into a leader, and help them build their brand as a boss. As the manager becomes a leader, the best people will tend to follow the leader.

Two main themes are emerging:

- Multinational companies (MNCs)

are looking for local leaders who know the local market, as the local consumer market expands

- Local companies are seeking local leaders who can grow into regional and global executives – and who can drive their export markets both regionally, and internationally

International management models are being viewed with scepticism by newly competitive Asian companies which now see Asian qualities of loyalty and longer-term thinking as valuable competitive advantages when they compete against Western rivals for the best people.

But Asian and Western companies face

the same issue: how to breed leaders fast enough to meet the demand.

The key to developing the leader is the Chief Human Resources Officer (CHRO), who understands the cultural nuances involved, and who can partner with expert Asia-based leadership advisors to find and develop the most promising executives.

We believe the solution is to employ a combination of assessment and development of high-potential internal talent, and thorough external market mapping to identify new sources of supply.

This is a case where West meets East, and learnings from each can be deployed in a powerful way. Companies need to know who is available in the wider global market, how the local talent benchmarks against the best, and how Asia-centric development can be profitable.

There is no simple answer, but one thing is certain: companies will need to alter expectations of what represents an ideal leader. Few candidates are going to be perfect from day one.

As Kwan Chee Wei, executive director of the government-sponsored think tank, the Human Capital Leadership Institute in Singapore, told us: “The market needs to realise that 60% ready is going to be the new ready.”

We are already seeing salary inflation across the region as firms compete for top talent. Some companies are prepared to offer 30-40% pay rises to attract the best executives. We are increasingly seeing good candidates juggling multiple job offers, or being made counter-offers by existing employers, even before we can sign them up. Speed of decision-making is the name of the game when you find good talent. You need to do your homework early and be ready to move fast.

Retention is a constant theme in emerging markets, where companies are experiencing double-digit turnover among executives with two to three years’ experience in senior roles.

According to the Global Talent Index Report: The Outlook to 2015, written by the Economist Intelligence Unit and published by Heidrick & Struggles,

senior management in the Asia Pacific region were found to need improvement in three areas:

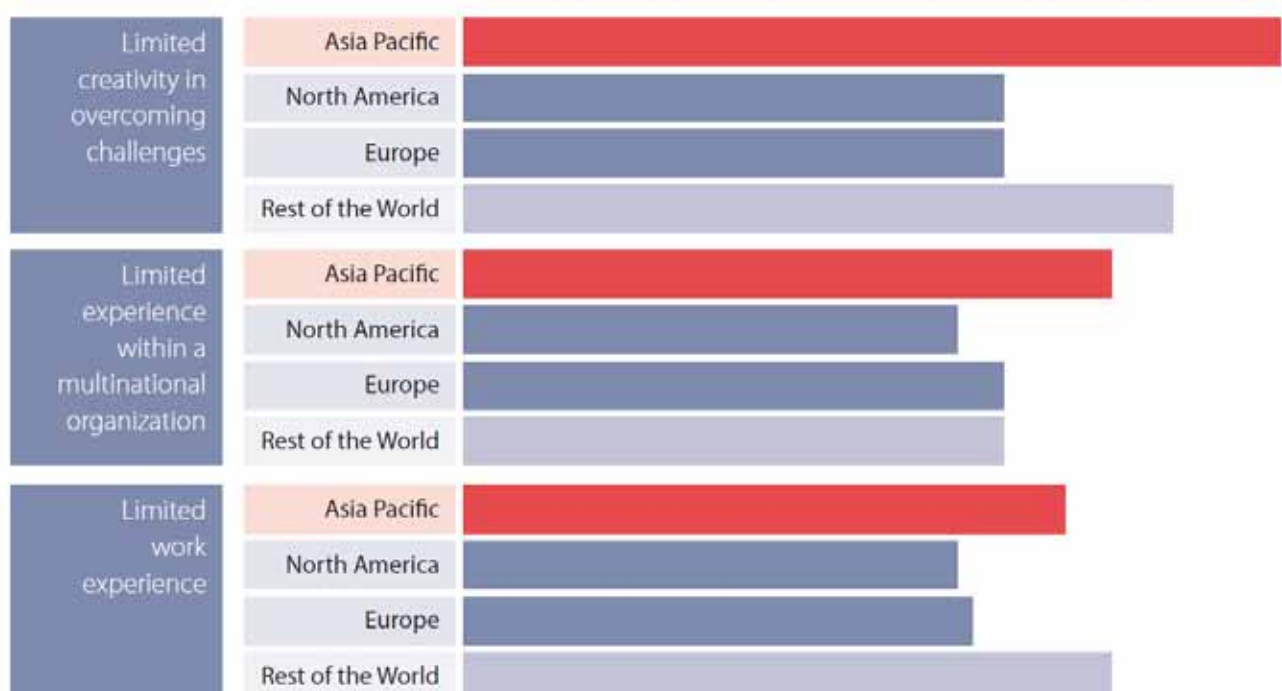
- Creativity in overcoming challenges;
- Experience with multinational corporations (MNCs) and
- Over-all work experience (fig 1).

Share of respondents saying they are “highly unsatisfied”, “somewhat unsatisfied” or “neutral” on the quality of recent hires

Quality is an issue. While two-thirds of the 441 senior executives surveyed globally are satisfied with the quality of hires over the past two years, nearly one in three is not (fig 2), a figure which rises to 37% in Asia. Twenty-nine percent globally are not confident that they will be able to attract and retain the necessary talent in the next two years. This figure rises to 32% in Asia. Nearly half of the respondents to our survey were human resources executives.

We believe companies can avoid talent bidding wars by moving to “build better bosses.” CHROs, organizational development and learning and

Figure 1 – In general, what are the primary shortcomings of management-level hires and / or other specialized workers in the market, when compared with the rest of your workforce globally? (top responses)



source: Economist Intelligence Unit, 2011

Figure 2 – Share of respondents not satisfied with the quality of new hires over the past two years



development leaders will clearly play a key role in this development process. Research shows that people join companies and leave bosses.

As we see in the Global Talent Index Report, the best businesses are increasingly relying on developing their own leaders, particularly in Asia.

Unsure of the local availability of skilled staff, companies are recruiting raw potential, and honing this potential to the finished article.

More than half of our respondents say that they are devoting more time and money to employee development than they were two years ago.

Emerging Countries' Wish-List

Our reading of the market is influenced not only by the results of our Global Talent Index Report, but focus groups and interviews conducted in emerging nations. Executives we spoke to told us that their top three career priorities were:

- Salary and short-term benefits (cash is king)
- Career and leadership development
- Opportunity to develop English-language skills

“Leadership” is the phrase that keeps cropping up. There is increasing recognition that management skills alone are not enough. Leaders need to learn how to build collaborative teams that can execute on the corporate strategic vision, in order to drive business expansion.

To drive this change, organizations need

to be open to a “new” or “different” type of leader than the one they traditionally know how to grow. Line leaders need to be coached on what “inclusion” and “diversity” means, and HR leaders must continue to champion and influence the agenda for “different” and create an environment where creativity can flourish.

Multinational and local companies that engage leadership consultants will gain another perspective on the changing nature of leaders. The CHRO role, when partnered strategically with the business, can be a window for talent outside the company. HR leaders operate as talent scouts, keeping a eye on external talent and benchmarking the best against the internal talent.

Chief Human Resources Officers play a key role in helping their companies understand how East can work with West. It is clearly a two-way street.

Barbara Xiaoyu Wang and Harold Chee in their latest book, *Chinese Leadership*, warn that Western executives should not expect local executives who speak English to think in Western ways. Western executives might be startled to know that Asians think outsiders will eventually learn to work their way, while Western executives believe the opposite. Asia may get better at playing the Western game, but fundamental Asian values and ways of viewing the world are unlikely to change dramatically.

New Capabilities To Drive Expansion

While Asian qualities of hard work and diligence are valued by Western companies, the Heidrick & Struggles-Economist Intelligence Unit Global

Talent Report says that prized qualities in the “Asian century” will be:

- Resilience
- Adaptability
- Intellectual agility
- Versatility
- Creativity

In the words of Karl-Heinz Oehler, vice-president of global talent management at the Hertz Corporation, quoted in our survey, this all adds up to, “an ability to deal with a changing situation and not to get paralyzed by it.”

Creativity in overcoming business challenges is the most serious executive shortcoming identified in the global talent report, and something that companies may find particularly difficult to rectify.

One way to fast-track creativity is to nurture a culture of inclusion, which means diversity of gender, nationality and functional discipline. As Singapore Exchange chief executive Magnus Bocker told us recently: “Diversity breeds creativity.”

Chief Human Resources Officers we meet tell us that the mantra of “recruit, train and retain” has given way to “attract, develop and groom” the next generation of leaders.

Companies can no longer rely solely on recruitment. They need to link their medium to long-term business goals with a strategy that retains their best people. In other words, the talent strategy must align with the business strategy if it is to focus the best executives and give them something to aim for – a vision they can help execute.

The HCLI’s Kwan says that for CHROs, the wider question is: How can Asian companies move their best-performing managers from being effective in-country, to operating cross-country?

2-day LCD Mandarin Programme In Qingdao, China

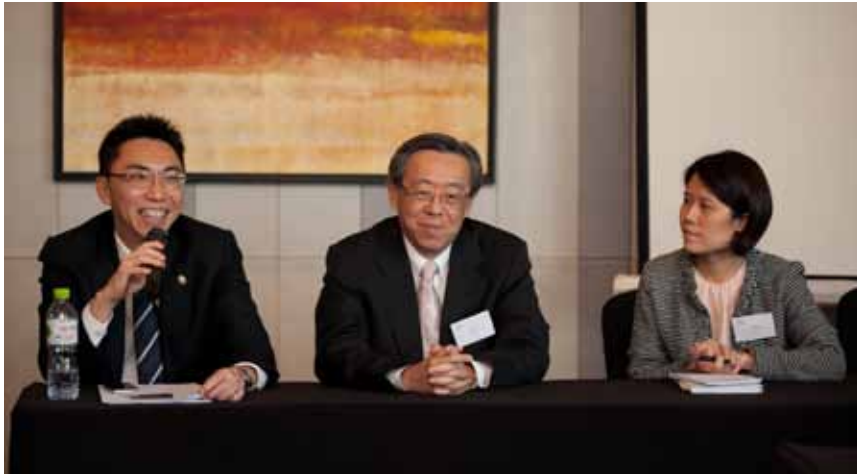


This 2-day Mandarin programme consisting of 9 modules was held on 17 and 18 May 2012 in Qingdao, China. It was designed for the China-based board directors and senior management of Singapore listed companies to enhance their individual and collective effectiveness as a board within the framework of good corporate governance.

Special focus was given to the governance and internal control lessons learned from the recent economic crisis. This interactive programme also included updates on SGX Regulations, insights on the value and benefits of strong investor relations practices for listed companies. Senior Representatives of SGX were present to provide answers to questions raised.

The speakers were Mr Hee Theng Fong from RHTLaw Taylor Wessing LLP, Mr Ng Siew Quan from PricewaterhouseCoopers LLP, Dr Grace Wu from Aon Hewitt, Ms Christine Lie and Ms Gladys Tay from the Singapore Exchange.





How Boards Can Satisfy Regulatory Requirements On Internal Controls



On 8 May 2012 at the Marina Mandarin Hotel Singapore, the Institute together with RSM Ethos and the Institute of Internal Auditors Singapore (IIAS) organised a half-day event attended by about 100 participants. The event touched on the new SGX Advisory Note issued on 16 April 2012 by SGX. It also addressed the “how to” comply questions – How can Boards work with management to satisfy these onerous requirements under Rule 719 (1) and Rule 1207 (10)? How can internal audit function play an integral part in assisting the Board to comply with these requirements?

Following the presentations was a lively panel discussion comprising Mr Reggie Thein, Mr Adrian Chan, both Vice-Chairmen of the Institute, Mr Uantchern Loh from IIAS and Mr Tay Woon Teck from RSM Ethos.





The Singapore Corporate Governance Code 2012



On 2nd May 2012, the Monetary Authority of Singapore (MAS) issued the revised Code of Corporate Governance (Code). This was after accepting all the recommendations made by the Corporate Governance Council on the Code which will take effect from 1st November 2012.

The Institute together with KPMG Advisory LLP and RHTLaw Taylor Wessing LLP organised an event on 28 May 2012 at the Marina Mandarin Hotel Singapore to discuss about the latest requirements and developments of the new code and the new Listing Rules. This was followed by a panel discussion which discussed issues and challenges in implementing the new Code. Of particular interest was Listing Rule (LR) 1207 (10), where Boards are required to provide an opinion of the adequacy and effectiveness of internal controls in managing financial, operational and compliance risks. The panel therefore

discussed how LR 1207 (10) was being dealt with, in light of SGX's latest Guidance Note.

On the panel were Mr Irving Low from KPMG Advisory LLP, Mr Tan Chong Huat from RHTLaw Taylor Wessing LLP, Mr Arthur Lang from CapitaLand Limited and Mr Danny Teoh from DBS Group Holdings and DBS Bank.

The event was attended by more than 90 participants.





Risk Governance Guidance Issued By Corporate Governance Council

Ensuring an Adequate and Effective Risk Management and Internal Controls System



The Corporate Governance Council released its Risk Governance Guidance (Guidance) for Listed Boards on 10 May 2012, following the announcement of the Revised Code of Corporate Governance on 2 May 2012.

Mr Ng Siew Quan who leads the Risk and Control Solutions practice at PricewaterhouseCoopers LLP and who was part of the Working Group overseeing the development of the Guidance gave a presentation on 5 June 2012 at the Marina Mandarin Hotel Singapore, covering salient points of the Risk Governance Guidance. He also discussed issues that directors have to deal with as part of their risk governance responsibilities.

The event was attended by about 45 people.





Executive Skills For Board Members In Challenging Times



Launched in 2007, the programme is the result of collaborative efforts between SMU and SID; the partnership brings together SMU's academic excellence and strength in designing and delivering executive programmes, and SID's strong network of senior business executives in the corporate sector.

Taught by expert faculty and industry professionals who are closely in touch with the business world, the programme is open to all senior executives, board of directors and aspiring directors. This programme is designed to help participants enhance their board level skills and update their knowledge so that they can lead in these challenging times.

The programme is organised in two tiers - participants have the option of attaining the Executive Diploma in Directorship upon completion of six assessable modules (modules 1 to 6) or the Executive Certificate in Directorship which comprises three assessable modules (modules 1 to 3)



	Module Dates	Assessment Dates
Module 1: The Role of Directors: Duties Responsibilities & Legal Obligations (3 days)	18 to 20 September 2012	Take-home assessment
Module 2: Assessing Strategic Performance: The Board Level View (3 days)	15 to 17 October 2012	Take-home assessment
Module 3: Finance for Directors (3 days)	20 to 22 November 2012	Take-home assessment
Module 4: Risk and Crisis Management (2 days)	5 to 6 December 2012	Take-home assessment
Module 5: Strategic Corporate Social Responsibility and Investor Relations (2 days)	19 to 20 July 2012	Take-home assessment
Module 6: Effective Succession Planning and Compensation Decisions (2 days)	22 to 23 January 2013 (to be confirmed)	Take-home assessment



Email: jowechu@smu.edu.sg

Tel: (65) 6828 0375

http://www.smu.edu.sg/executive_education/public_programme.asp

Personal D&O Insurance

Allianz Insurance Company of Singapore Pte Ltd and Aon Singapore Pte Ltd in collaboration with the Singapore Institute of Directors (SID) have recently launched a Personal D&O Insurance program exclusive to SID members, protecting them against liability arising from their responsibilities as a director, of up to \$1 million. The first group of policies has already been issued on the 15th October 2011.

Personal D&O Insurance provides similar protection as traditional D&O Insurance policies, but is taken out in the name of an individual director or officer rather than as an entire board of directors. Cover can be provided for up to three separate directorships.

Why Is It Necessary?

Personal D&O Insurance provides directors and officers with an individual, portable policy for their exclusive benefit. Such cover is relevant to all directors, and is of particular importance to the following:

- Directors of companies that do not purchase D&O Insurance.
- Directors of companies that purchase inadequate insurance, whether in terms of breadth of cover or policy limit.
- Independent directors.
- Directors who are resigning or retiring from their positions, and who seek run-off protection.
- Professionals who assume positions on client company boards.

“Independent directors are uniquely exposed to liability arising from the companies whose boards they sit, while lacking the ability to directly assure that the company purchases relevant insurance coverage to respond to these exposures,” said Mr James Amberson, Regional Manager of Financial Lines for Allianz Insurance Company of Singapore. He added that the insurance program developed in collaboration with Aon and SID is a proactive response to this issue and provides directors with the opportunity to mitigate this risk for themselves.

“We are delighted to partner with Allianz and the SID in providing this innovative protection to directors in Singapore. Personal D&O Insurance provides the opportunity for directors to control the breadth and level of protection available to them,” said Mr Michael Griffiths, Director of Professional Services at Aon Singapore.

Exclusive to SID Members

Personal D&O Insurance cover is available exclusively to SID members.

A \$1 million Personal D&O Insurance policy covering up to three separate directorships will cost S\$1,000 plus GST.

**For further details please refer to the SID Website,
or call Gladys Ng at Aon Singapore on 6239 8880 or email gladys.ng@aon.com.**



Upcoming Talks/ Courses

Upcoming Events

JULY 2012

- Friday
20 July
Remuneration Matters – Meeting the New CG Code Requirements
By Aon Hewitt
- Wednesday
25 July
LCD Director Programme Module 1
Listed Company Director Essentials: Understanding The Regulatory Environment In Singapore: What Every Director Ought To Know
- Friday
27 July
Takeovers: Private Affairs
By Drew & Napier LLC
- Tuesday
31 July
Board Level Strategic Oversight – Practical Tips to assess the Quality of Executive Strategic Decision-Making
By Decision Processes International

AUGUST 2012

- Wednesday
1 August
EBL Module 4
Financial Literacy & Governance
- Friday
3 August
 inability Reporting - Demystified
- Tuesday
14 August
The inside scoop on Insider Trading & When the clock strikes 5


AUGUST 2012

- Wednesday
15 August
LCD Director Programme Module 4
Nominating Committee Essentials
- Thursday
23 August
LCD Director Programme Module 5
Remuneration Committee Essentials
- Friday
24 August
Takeovers: Being Courted
By Drew & Napier LLC
- Friday
31 August
A Panel Discussion – Revised Code of Corporate Governance
By Drew & Napier LLC

SEPTEMBER 2012

- Wednesday
12 September
SID Directors Conference 2012
- Wednesday
19 September
Fraud Risk Management
By KPMG
- Wednesday
26 September
EBL Module 2
The Board and Fund Raising
- Friday
28 September
EBL Module 3
Enterprise Risk Management

SID-SMU Executive Certificate in Directorship

Modules	Programme Dates	Assessment Date
Module 5: Strategic Corporate Social Responsibility and Investor Relations	19 to 20 July 2012	Take-home assessment
Module 1: The Role Of Directors: Duties, Responsibilities & Legal Obligations	18 to 20 September 2012	Take-home assessment

Welcome Aboard

April 2012

Anand	Kul Taran Singh	Koh	Su Yin Carol Joan	Seah	Han Leong
Anto	Edi	Lee	Ming Hwee Albert	Tan	Teck Yong
Budge	Keith	Lee	Poh Lin Ann Pauline	Taylor	Garry
Chew	Eng Soo	Lim	Jit Ming Bryan	Teo	Yee Yen Gabriel
Curtis	Richard	Lu	King Seng	Yuen	Yu Tai
Foo	Gee Meng	Moran	Colin Peter	Zahabar	Ali
Heng	Yeow Meng Michael	Ong	Chee Ming		
Hoe	Seok Foon	Sahai	Anuradha		

May 2012

Arunagiri	Rajesh Khanna	Ng	Shin Ein	Tan	Kheng Swee Richard
Chen	Chun Meng Adrian	Ng	Weng Ken	Tan	Lay Tin Tonya
Chew	Douglas	Ong	Hong Choon	Tang	Yit Leng Elaine
Chua	Chee Seng	Ong	Ser Chin	Thomas	Premod Paul
Friel	James Edward	Ong	Ghim Choon	Vonrueti	Thomas
Gupta	Shailendra	Phang	Kin Seng Lawrence	Voskamp	Barbara
Ho	Choon Siew Joseph	Senanayake	Suren Dunuwille	Wee	Swee Neo Doris
Jimenez	Craig	Shih	Jonathan	Widjaja	Deborah
Kimbrell Cole	Tara	Sim	Wing Yew	Wilfong	William John
Kishan	Pratap	Soh	Lay Kheng Mabel	Yeo	Beng Hoe
Kwek	Siew Chuan Jason	Suppiah	Rohan	Yong	Nyan Khin Charles
Lim	Chen Yang	Tan	Khiok Kin	Zheng	Lei
Lim	Eng Khoon Frank	Tan	Yew Beng David		
Lok	Pei San	Tan	Jo		

June 2012

Ang	Hoe Yong	Hofer	Thomas Walter	Seet	Chong Tong
Baetens	Krista	Hofer-Hetzmann	Caecille	Singh	Gurdip
Batch	Julie	Kho	Kewee	Tan	Kah Ghee
Blanquet	Ludovic	Koh	Seng Choon	Tan	Siew Eng
Chan	Kum Tao	Kwan	Chee Wai James	Tang	Tat Kwong
Chan	Siew Wei	Leong	May Seey	Taylor	Marcus
Cheng	Keok-Wee	Ng	Zhi Wei Eunice	Tin	Keng Seng
Cheong	Wing Kiat	Ong	Beng Chong	Wee	Meng Hoe Robert
Ellison	Richard	Ong	Teck Guan	Wilkinson	Sally Anne
Heng	Peter	Pant	Pradeep	Yeoh	Guan Thoon Joseph
Ho	Boon Leong	Ramchand	Ramesh	Yew	Woon Chooi
Ho	Sheng	Ramos-Gomez	Eduardo		

Call for articles, thoughts, snippets, etc.

The institute would like to hear from you. Send us articles, 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

SID

Singapore Institute of Directors

SID Directors Conference 2012 Corporate Governance In The New Normal

The annual conference organised by the Singapore Institute of Directors (SID)
9.00 am to 5.30 pm, Wednesday, 12 September 2012 • Marina Bay Sands Singapore

Guest-of-Honour

Mrs Josephine Teo, Minister of State
Ministry of Finance and Ministry of Transport

Keynote Address

The Honorable Barbara Hackman Franklin
Chairman, National Association of Corporate Directors

Lunchtime Address

Mr Mats Isaksson
Head of OECD's Corporate Governance Division

Governance & Directorships: New World, New Rules

- Mr Ho Kwon Ping
- Ms Barbara Hackman Franklin
- Professor Walter Woon
- Tengku Tan Sri Dr Mahaleel bin Tengku Ariff
- Mr Chang Tou Chen

Business & Social Convergence: New Corporate Social Realities

- Mr Gerard Ee
- Mr Willie Cheng
- Ms Fang Ai Lian
- Mr Seah Kian Peng
- Dr Andreas Heinecke
- Ms Janet Ang

Board Diversity & Dynamics: Who Should Be On The Board

- Associate Professor Ho Yew Kee
- Ms Lee Suet Fern
- Mr Chew Choon Seng
- Mr Mats Isaksson
- Ms Aliza Knox
- Mr Irving Low

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- Non SID Member: **\$750.00** (inclusive of GST)

Regular Rates

- SID Member: \$700.00 (inclusive of GST)
- Non SID Member: \$975.00 (inclusive of GST)

Register online at www.sid.org.sg NOW!