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**Have a Happy
New Year**

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

Hello All,

Let me start by wishing everyone a very Merry Christmas and a Happy New Year, although by the time you receive this, Christmas would likely be over. One of the biggest happenings this year was the introduction of the revised Code of Corporate Governance, which is now in effect. Whilst fundamental principles remain, there have been several important changes. It remains to be seen what impact these changes will have over the next few months.

The year 2012 has been a very busy one for the Institute with numerous activities planned and executed. Every month saw a variety of talks, seminars and dialogue sessions being carried out. Although director training has not been made compulsory, the attendance at these various sessions are a testament as to how seriously people take keeping themselves updated and hearing from peers on director type issues. More structured training sessions have been planned and will be introduced in 2013, with the kick-off session being the Listed Company Director Essentials – Module 1 Session, planned to be held on 16 January 2013. Do make a note of the events and take time out to attend the same to share and learn at the same time. More details on various sessions are set out at page 42.

The year 2012 is also a watershed year for the Institute as more Council stalwarts stepped down to make way for renewal. Renewal and refreshing has always been a part of the Institute's approach, but with the likes of Reggie Thein, Keith Tay, Boon Yoon Chiang, Lim Hock San and Yeo Wee Kiong stepping down, Council will be a slightly different place. They will be dearly missed.

But an eternal optimist – change is always good. The 2012/2013 Council will see three new faces joining us. They are Mr David Conner, Mr Lim Chin Hu and Ms Elaine Lim. We will provide you with more information on them in the next issue of the Bulletin in 2013.

Events aside, this issue sees a number of interesting articles, starting with Mike Gray's exposition on Why Boards Should Opt For Paperless Meetings. Mike writes in an easy to read style and provides very practical tips on the usefulness of paperless meetings. This is a man who has seen paper and hence, has the ability to provide real comparison. Three other articles also

touch on boards going paperless and temper any euphoric rhetoric with realism about going paperless. It is clearly not for everyone; yet there is much merit in adopting the approach. Keeping in line with the theme of paperless meetings, Bruce Babcock discusses opportunities to increase communication and engagement with shareholders through the increased use of electronic communication in the proxy process. As Babcock discusses this, he introduces a new tool that allows for electronic voting services, amongst other matters.

Apart from articles on going paperless, an article by Associate Professor Eugene Kang reminds all of us that it is not about the presence of independent directors or their independents per se that matters. What matters is their ability as well, particularly in the governance of foreign firms listed on the Singapore Exchange. In keeping with the down to earth approach, another article, written by Mark Liew, provides a quick update the new mainboard admission criteria introduced in July 2012 and in force from 10 August 2012. Mark notes that the new admission criteria "sets the stage for Singapore to play a bigger role as a gateway market to new Asian listed companies from East Asia as well as Southeast Asia ...".

Finally, the series of articles also features one on the Personal Data Protection Act ("PDPA"), which will come into force in January 2013. This is a new era for Singapore where there was no strict protection for data previously. Given the wide reach of the Act, directors must at least ensure an understanding of the implications of non-compliance with the PDPA and take or direct that appropriate steps be taken to ensure adequate management and protection of information and data.

It remains for me to say thank you to each and every one of you who have contributed to the Bulletin in one way or another. I must also say thank you to the readers. We do look forward to your more active participation in 2013 through contributions and at least feedback to what you would like to see in the Bulletin. Wishing everyone a Merry Christmas and a Very Prosperous Happy New 2013!

Kind regards,

Kala Anandarajah
Editor

CHAIRMAN'S MESSAGE



Dear Fellow Members,

Almost exactly a year ago, in the final issue of our Bulletin for 2011, I wrote about some of the global events during the year that would not have been anticipated twelve months earlier and the leadership changes in several Asian countries. I wrote about how 2012 was shaping up to be a challenging year, a year of global economic slow down and financial uncertainty and political unrest in certain geographic areas. I also wrote about the “new normal” following our general election in Singapore and the impending revisions to our 2005 corporate governance code and the Companies Act and the increased focus on the competence of directors and the performance of boards.

As we come to the end of 2012 and the start of 2013 what has happened to some of the events and expectations in the last twelve months? Two years after the start of the Arab Spring the rebellion is far from over. In Egypt a new leader, President Mohamed Mursi, has been voted in but political stability remains to be achieved. In Syria the revolution remains unfinished and after 21 months of intense civil war and international peace efforts President Bashar al-Assad continues to fight on despite having little hope of retaining control.

Nearer home, there have been several leadership changes. In China Xi Jinping took over as the new Chinese Communist Party chief in November and is slated to take over as the President in March 2013 while in Japan Shinzo Abe has just been appointed Prime Minister after a landslide victory by his Liberal Democratic Party, the second Prime Minister for the country in less than 2 years. In South Korea, a new President and the first lady to hold the position has just been elected. Meanwhile in North Korea, hopes of a possible change in policy following the installation of a new leader in Kim Jong Un have largely disappeared as it successfully launched its nuclear satellite a few days ago reflecting a failure of USA-led international efforts to rein it in. Tensions in the China sea remain high as the long simmering disputes between Japan, China and S. Korea over the ownership of two island clusters continued and over-heated in August and September and in its process severely testing Asean unity.

Myanmar, however, has continued to make steady progress in its difficult journey back to the international community. The

political changes made by President Thein Sein have already led to the easing of international sanctions and given fuel for optimism for the improvement of its domestic economy and the revival of private enterprise.

Globally, however, the economy remains weak with only Asia able to register positive, albeit slower, growth.

The US economy, despite showing occasional signs of recovery, continues to be anaemic and unemployment remains at a high single digit. President Obama was re-elected for a second term in November and at this very moment is working against time to avert the “fiscal cliff.” Failure to agree a deal between the parties by December 31st will trigger steep tax hikes and spending cuts which are likely to trigger a new recession. Whether the fiscal cliff can be averted stays a moot point.

Europe remains in recession and the Euro debt crisis continues unresolved, although barely two weeks ago the EU was able to reach a landmark agreement to make the European Central Bank the bloc’s top banking supervisor, giving EU leaders some cause to believe that they may have gained the upper hand over the zone’s debt crisis. Economic recovery, however, is some way away and not likely in 2013.

The weak external environment in 2012 has had a significant adverse impact on Singapore.

The weak export demand from the major economies coupled with rising cost, shortage of labour arising from a change in foreign worker policy and a strong Singapore dollar have all worked to slow the country’s growth. The last two quarters have been weak and it is widely expected that economic growth for this year will come in at 1.5%. Inflation for the year is likely to hover around the 3.5% level but this is forecast to rise to 3.8% in 2013.

2013 is expected to be another challenging year and as stated by Mr. Lim H’ng Kiang, Minister for Trade and Industry, in a recent interview in India, Singapore has to brace itself for a largely despondent external environment in the year ahead. The latest forecast by both private sector economists as well as the Monetary Authority for growth in 2013 is now between 1 and 3%.



CHAIRMAN'S MESSAGE (cont'd)

Businesses will continue to be challenged and boards and management will once again be required to provide strong leadership, effective strategies and prudent controls while seeking new businesses and opportunities.

On the corporate governance front, the revised CG code was approved by MAS in early May and came into effect for financial years commencing 1st November while the revisions to the Companies Act were announced some 3 months ago and are likely to come into effect at the end of 2013. Much has been said about these during the year and I do not propose to repeat them here. The increased focus of the Code on the competence of directors and diversity and effectiveness of boards together with increasing shareholder activism however will mean that directors will be expected, and rightfully so, to continually demonstrate their appropriate commitment and value-add to the companies on whose boards they serve. The continued growth in our membership and the increased level of participation in both our director training and development programmes and other related activities are an encouraging sign that a majority of directors are not only taking their roles and responsibilities seriously but are also taking the right steps to enhance their skills, knowledge and effectiveness.

We are also extremely encouraged by the number of members who have stepped forward to offer their services to your Institute. For the first time, at our last AGM at the end of November, there were 10 candidates (including 4 who were seeking re-election) contesting for 7 places in our Governing Council. This augurs very well for the Institute. I would like to take this opportunity to thank all 10 candidates as well as congratulate all the 7 successful candidates, in particular the 3 candidates joining the Council for the first time. They are

Ms. Elaine Lim, and Messrs David Conner and Lim Chin Hu, who are all extremely well qualified and whose particulars were circulated to all members before the AGM. On behalf of the Institute I welcome them to our Council.

At the same AGM, 4 long serving Council members, namely Messrs Keith Tay, Boon Yoon Chiang, Reggie Thein and Lim Hock San together with Mr Yeo Wee Kiong retired from the Council. On behalf of the Institute, I would like to thank them for their many years of service and contribution to the Institute.

As many of you are already aware, recent approved changes to our Constitution allows your Council to co-opt an additional 4 members to the Council making a total of 20 members, ie 16 elected and 4 co-opted. Your Council intends to co-opt the 4 members in January. When this is done your Council will, for the first time, have a maximum number of 20 members but of which 7 or slightly more than one third will be serving for the first time. This, together with the setting of a maximum tenure for council members, will provide for a regular and continued renewal of the Council. The enlarged council will also enable your Institute to more effectively manage its increasing activities and serve its membership. Steps are also in place to involve many more members in the many committees we have and I look forward to seeing more of you in 2013.

In the meantime may I, on behalf of your Council and Secretariat, wish you and your families a wonderful new year.

Warm regards and best wishes,

John KM Lim
Chairman



SID Governing Council

2012/2013

Chairman : Mr John Lim Kok Min

First Vice-Chairman : Mr Willie Cheng

Second Vice-Chairman : Mr Adrian Chan Pengee

Treasurer : Mr Soh Gim Teik

Council Members : Mrs Yvonne Goh

Mr Basil Chan

Mr Yeoh Oon Jin

Ms Yeo Lian Sim

Ms Kala Anandarajah

Dr Ahmad Mohd Magad

Mr Daniel Ee

Mr Andy Tan Chye Guan

Mr Kevin Kwok

Mr David Conner

Mrs Elaine Lim

Mr Lim Chin Hu

Why Boards Should Opt For Paperless Meetings

By Mike Gray
Independent Director



Overview

Those of us who started work before the days of computers and even electronic calculators, and can well remember having to cut stencils to produce copies of board papers, will be horrified at the thought of discarding all the numerous manual documents that we are used to, in favour of an iPad or computer record floating somewhere in cyberspace.

I must say initially I was a sceptic as concerns going purely electronic for the board papers and not being a committed “Green Person” did not really think too much as to discarding paper in favour of electronic records to save the trees. What really converted me were a number of instances where either I did not receive the board papers or the board papers were late, because I was not at home when the courier turned up. Furthermore I have had to haul around, sometimes on airplanes, reams of paper generated to back up board decisions and then not wanting to fill up my home with paper, I would junk

them at the end of the meeting, only to find out at, a later date, that I needed information from some of those board papers that I had destroyed.

One day I took the plunge and told the Company Secretary of a listed entity that I am on the board. “No paper, give me the board papers electronically only”. Yes there were teething problems, but the more that I used electronic board papers the more that I realised the benefits.

The real catalyst to paperless meetings has been the iPad. It is so much easier to use for reading documents than the

computer and boots up so quickly. Many board members will already have an iPad and for those that do not, it is relatively inexpensive to provide them to directors.

Related board software, mainly designed for the iPad, not only opens up a wider access to content for the current meeting but also retains that of the previous meetings. The information is also presented in much better animation than that on paper, and works on a platform that is efficient and easy to use even for those who are deemed computer illiterate.

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In this article I will set out what I believe are the advantages of paperless board papers and some of considerations that need to be taken into account.

What Are The Disadvantages Of Paper Board Papers?

Delivering papers to board members - Board members may be located all over Singapore and sometimes overseas. Some have offices but many are retirees who operate from home. Company Secretaries have to organise courier services to get the papers to board members. There may be no one at home so the delivery dates have to be re-scheduled. The whole process is both time consuming and costly.

It is a fact of life that there will often be last minute board papers. These need to be physically delivered to the board members early enough for them to read them prior to the board meeting. The worst outcome is that board members may not receive the papers until after the meeting or so late that they do not have time to read them thoroughly.

Wastage of paper and ink- Board packs tend to be quite large and cumbersome. Reams of paper are required and colour is frequently used to enhance the board papers. Many of these papers are read quickly and discarded straight after the related meeting, as board members often do not have or are not prepared to make space for them. Taking into account all the listed companies and all the board and committee meetings there

is considerable wastage of paper and ink.

Cost of Preparation and handling board papers - Board papers these days are produced electronically. For paper meetings the Company Secretary has to print out all the papers, collate them, bind them and send out. This process is both time consuming and costly.

In addition, board papers are confidential. When discarding them it is not a choice to throw them straight into the waste paper basket, as they could fall into the wrong hands with the leakage of confidential and/or price sensitive information. The only alternative is to shred the papers, which is troublesome, particularly for those board members that do not have easy access to a shredder.

Carrying around Board Papers - It is not uncommon for board members to have to travel to meetings. Sometimes these meetings may be overseas. Carrying around hoards of bulky papers, particularly on airplanes, can be extremely troublesome.

Why Go Electronic?

- **Avoid the issues set out above** - Going electronic addresses most of the issues set out above in connection with paper meetings. In particular directors can receive, on line, last minute papers and do not have to wait around for the courier. Additionally, so long as the director has an iPad or computer he or she is able to access the board papers at any time.
- **Quality of papers** - the level of

sophistication found in software packages means that information can be produced more effectively in the electronic space as compared to paper copies. For instance videos or high level graphics could be included in board papers. This is not possible for manual papers.

- **Company information in one place**
 - As a board member, often you may need to access information on your company in connection with a board paper that you are reading. A company that has implemented paperless meetings will normally set up an archive of information available to directors and this may include:
 - Past board and committee meetings
 - Terms of reference of committees
 - Company policies, procedures and information on the company
 - Internal control documents such as enterprise risk management matrices, internal and external audit reports etc.
 - Press articles on the company
- **The iPad** - The introduction of the iPad has been a major impetus to convincing Board Members to go electronic. Whilst computers can do the job they are not as versatile as the iPad. The iPad boots up very quickly as compared to a computer. It has good navigation facilities and papers can be read easily and moves from screen to screen can be performed by a finger, without the need for a mouse. Also it is small and can be carried around and used for other purposes such as email and watching movies! Many people who are not comfortable with computers can easily take to the iPad.

Some Concerns

- **Security** - A board member could leave his computer or iPad in a taxi or it may be stolen with the threat that confidential information may be leaked. This issue can easily be

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dealt with by software packages. Typically they will have a facility for the administrator to remotely delete all board documents in the case that a board member's iPad is lost or stolen. All board book documents are also encrypted and password protected in case it falls into the wrong hands before a remote wipe is initiated.

- **Ability to find papers** – A board member needs to be able to find relevant papers. When I first loaded board papers onto my iPad I thought that I would be clever and put them on my iPad Newsstand . However, for some reason the iPad did not pick up the file name but some hidden file information making it impossible to find the files. After that I accessed the attachments directly from my email. This works alright. However, the software packages mentioned later in this paper do have much better filing systems.

Whether you are using a package or accessing directly from your email, the board papers can be downloaded so that they can be read when a board member does not have links to the internet.

- **Access to software to be able to write comments** – a board member must be able to write comments on computer documents in the same way that they can on a manual document. This is not an issue as iPad software is available that can be used to make notes and annotations. Similar facilities can be found in the boardroom packaged software.

- **Some information is difficult to review electronically** – Virtually every paper needed for a board meeting can be read electronically. The exceptions are few and far between. The only one that I normally will print out is the statutory financial statements as it is very difficult to review electronically as one has to flip from page to page to check figures and references.

- **Board members surf the web during meetings** – Once a board member brings an iPad to a board meeting there is a real temptation to deal with one's personal email or even worse surf the web! Most of us have been guilty of this at one time or another. Maybe if directors have to use their computer or iPad to read the board papers this will tie up the computer so that their surfing will be less than a paper board meeting where their iPad will be free. In any event there is a need for a behavioural change in this area.

- **If implemented all board members must be paperless** – Once a board has decided to go paperless it has to apply to all board members. Those who are reluctant have to come in line. There is nothing worse than some board members being electronic and some shuffling through papers during a meeting.

Why Should You Go For A Software Package

Whilst one can just download board papers and use the computer or iPad, there are a number of advantages in using a software package. Those on the market

include Blueprint BoardPad 2 from the Institute of Chartered Secretaries and Administrators and Boardlink iPad app from Thomson Reuters.

A package will address most if not all of the issues set out in the above paragraphs in particular the papers would be encrypted and password protected. In some cases content from a lost iPad can be centrally purged by the administrator.

I will not go through all the specifications of the board packages as these can be obtained online. The packages are easy to use with intuitive controls and powerful features that require little training. Suffice it to say however, these packages contain all the information normally required by a director and in addition provide tools for board management

Conclusion

Singapore listed companies have been painfully slow in adopting paperless meetings as compared to US, European or UK listed companies. It was reported in a Financial Times article early this year that “Edith-Bates Associates, a consultancy, found that 40% of 150 London-listed companies surveyed last year were using electronic means to distribute board meeting documents”. Whilst a number of Singapore companies do send board papers electronically, most of these follow them up with hard copies, as board members in Singapore are generally not comfortable in working from electronic papers during the board meetings.

It is high time that Singapore companies moved from the dark ages into the modern age as regards paperless meetings. Maybe this should be one of the criteria in selecting the best run boards in listed companies. There is no excuse, as most board members are computer literate enough to use iPads and many trees will be saved as well as the wasted time and cost in preparing and sending papers to board members.

New Governance Guidelines Promise Increased Shareholder Rights And Enhanced Engagement Opportunities For Issuers Through Increased Use Of Electronic Communications In The Proxy Process

By Bruce A. Babcock
President, ICS International
Broadridge Financial Solutions Ltd



Overview

The revised Code of Corporate Governance released by the Monetary Authority of Singapore (“MAS”) on 2 May 2012 and the Review of the Singapore Companies Act published by the Ministry of Finance (“MOF”) on 3 October 2012 recommended improvements to the methods by which shareholder meetings are managed, announcements and proxy forms are sent to shareholders and votes collected from them.

As part of this market-wide initiative to improve corporate governance and to enable our listed companies to take advantage of the many changes, Singapore Exchange (“SGX”) has established a partnership with Broadridge to bring the benefits of a world-class shareholder communications service to Singapore. The new collaboration is designed to support the proposed regulatory changes and assist listed companies to effectively manage the transition from today’s manual, paper-intensive process towards a more efficient, electronic and

environmentally-friendly future one of online interaction between listed issuers and their shareholders, in Singapore and overseas.

Needs

The need for this type of fully automated and scalable service has become even more apparent as increased calls among corporate governance advocates in Singapore and overseas for further adoption of poll voting seeks to provide shareholders greater assurance that voting is indeed being

processed correctly and presented at the meeting appropriately, but at the risk of increasing the complexity of the voting process. The new service helps overcome this issue and also seamlessly integrates the distribution of electronic and paper shareholder communications and vote collection for listed companies, providing a more transparent and open process for all participants from first mailing to final vote tabulation.

The key new feature of the service is the use of a personalized communication to each registered shareholder, including a

Shareholders will gain the convenience of voting through their preferred channel, and can choose to submit voting electronically through the use of a secure website or even from their mobile data devices. The shareholder experience can be as easy as receiving an e-mail on a laptop or smartphone, retrieving the proxy form online and submitting proxy voting instructions within a matter of minutes - all from the comfort of their own home or out and about on the street.

unique proxy voting form. This greatly enhances the reliability and accuracy of the distribution and also enables a more efficient, easier means of voting by shareholders, either through the traditional paper route or through a more accurate and reliable online voting feature of the service. The service also actively encourages shareholders to sign up for electronic communications for future distributions, bringing ongoing benefits. In addition to allowing voting online through a dedicated website, shareholders are also able to provide proxy appointments through the same website, enhancing the management process for these requests. This will become even more important as meeting attendance and voting rights have recently been extended to CPF shareholders (from 2014) in the latest regulatory changes.

Benefits

There are a number of key benefits to listed companies and their shareholders that come from the new service. For shareholders, faster, more reliable communications through personalized communications and proxy voting means increased opportunities for participation in the business of their portfolio companies, as promoted by the MOF. For managers and boards of listed companies, key benefits are greater transparency in the overall voting process from start to finish through

real-time, online views of voting activity and ongoing costs savings from reduced printing and distribution costs. And for all parties, moving to a more electronic process for communications and voting means steadily reducing the environmental impact of the shareholder communication process through lower volumes of printing and postal distributions.

The process starts with the initial processing of the shareholder register provided by the CDP – before final print orders are made by the company. The initial shareholder file is screened against the database of investors that have opted for electronic communications, and the company is advised not only of exactly how many shareholders they currently have, but

also how many of them are signed up for electronic communications. This allows companies' print orders to be more accurate and closely matched to their needs. The savings can be substantial as too often estimates of shareholder numbers are too high (or low!), resulting in surplus (or insufficient) materials. Further, as increasing numbers of investors opt for electronic communications, these savings can be expected to grow year after year.

Shareholders will gain the convenience of voting through their preferred channel, and can choose to submit voting electronically through the use of a secure website or even from their mobile data devices. The shareholder experience can be as easy as receiving an e-mail on a laptop or smartphone, retrieving the proxy form online and submitting proxy voting instructions within a matter of minutes - all from the comfort of their own home or out and about on the street. As notifications sent electronically are instantly actionable by shareholders, increased participation can be expected, and they also benefit from an increased voting window, enabling more informed voting decisions. Upon submitting their instruction online, shareholders can receive an e-mail confirmation that their instructions have been correctly registered, if requested. These enhancements to the shareholder proxy voting experience are of particular

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Benefits of the service flow not only from the enhanced distribution and voting channels – the service also brings great benefits to the last stages of the process – the hectic last 48 hours (soon to be 72 hours) prior to the day of the AGM. Because each proxy form is uniquely identified and linked to the CDP shareholder data, voting is immediately ingested into the system whether received back online or on paper, eliminating the time-consuming manual reconciliation between a hand-written proxy form and the CDP share register in the final hours of the process.

benefit to retail shareholders who are more likely to submit their responses via a process which is easy, verifiable and uniquely identifies them.

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on positions automatically updated to reflect the shareholding as of 48 hours (soon to be 72 hours) prior to meeting date, is presented to the corporate issuer or their appointed handheld voting device provider for use at the shareholder meeting.

Collaboration

The collaboration between Broadridge and the SGX to bring this service in Singapore is based on the positive experience of using this service overseas. Broadridge currently provides the same service in North America and Europe, bringing savings to issuers there in the

\$100s of millions annually. While the service has been available for almost a decade in North America, in the last 5 years adoption rates have climbed dramatically, bringing millions of accounts into the process and further savings to companies. The recent jump in sign-up for electronic communications among retail shareholders has come from several sources: a greater acceptance of the internet as a secure medium for communications; increased interest in sustainability and reducing environmental impact by investors; and, perhaps most importantly, widespread and growing access to broadband by increasing numbers of investors. All of these elements are in place in Singapore today, promising a rapid move to electronic services here as well.

Increasingly, technology is underpinning the investor communication process. During the 2012 proxy season in the US, institutional investors voted over 201 billion shares through electronic channels, and Broadridge's voting platform accounted for over 85% of those votes. A significant number of retail investors in the US are also adopting e-voting. Clearly it follows that other markets, such as Singapore, are now well-positioned to make good progress and strive towards an improved governance model by taking a similar approach.

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Five Must-Haves For The Paperless Boardroom

By Joe Ruck
Chief Executive Officer
BoardVantage



Overview

The long anticipated vision of the paperless boardroom is finally becoming a reality. After a decade of false starts, technology has caught up to the promise, allowing financial institutions, large and small, to improve the process for managing this critical business activity.

In the past decade we have witnessed the wholesale transformation from hardcopy to digital for nearly every type of media. Entire industries, from film, music and publishing have been completely upended by digital technology. Yet in the corporate world many cling to manual processes and paper-based content distribution. Nowhere were the vestiges of tradition more firmly entrenched than in the boardroom.

This is not to say that these hold-outs are technology Luddites. On the contrary, many corporate secretaries have sought change, but the underlying technologies were not ready for primetime. Only recently have secure hosted applications,

ubiquitous network connectivity and mobility caught up to delivering on the promise of “going paperless”.

iPad Revolution

To understand why the digital board book is a transformative opportunity

for GCs and directors, we need look no further than the iPad. The iPad ushered in a new era. With its dramatic revision to the user interface, the iPad is ideally suited to the dense information boards need to review in an intuitive and accessible manner. Most importantly,

On the contrary, many corporate secretaries have sought change, but the underlying technologies were not ready for primetime. Only recently have secure hosted applications, ubiquitous network connectivity and mobility caught up to delivering on the promise of “going paperless”.

In the past decade we have witnessed the wholesale transformation from hardcopy to digital for nearly every type of media. Entire industries, from film, music and publishing have been completely upended by digital technology. Yet in the corporate world many cling to manual processes and paper-based content distribution. Nowhere were the vestiges of tradition more firmly entrenched than in the boardroom.

the iPad's readability and portability makes the online board book a better experience than its traditional printed predecessor.

Simply put, the iPad settled the debate about which device to use and took concerns about directors' digital literacy off the table, and we can now turn our attention to how a paperless board book can fulfill the board's needs. This process should start by asking: "Why buy a board portal in the first place?"

In the pre-iPad era, the answer was for the convenience of a handful of tech-savvy directors. The needs of this small group were restricted to online access, a technically uncomplicated goal. In a post-iPad world the objective has changed. It is now to go paperless. Directors want to do all their board work on their iPads, not just document review but also written consents, esignatures, secure email and other tasks. So if you're considering going paperless in the boardroom here are five must-haves for a successful outcome:

Online-Offline Syncing: Directors carry their iPads wherever they go and rely on them for access to their board materials. Not unreasonably they expect ready access to those materials even if they're out of Wi-Fi range. An essential requirement is briefcase technology that

syncs content seamlessly between online and offline so any notes made while offline are immediately available when a director is back online. Also, to ensure directors have the latest information, the system lets the GC push new materials directly to the director's briefcase.

Protect Against Discoverability:

The iPad is a groundbreaking mobile device, but there is a tension between mobility and the risk of discoverability. Having the board book on a director's iPad creates a potential legal exposure because directors may forget to purge this information. The way to eliminate this risk is with a system that centralizes control with the GC so that downloaded content, and directors' notes, can be purged remotely by the GC, without relying on the actions of directors. This is akin to the traditional practice of the GC collecting and shredding paper board books following the meeting.

Map the Paper Process: A big part of board communication is about who sees what and when they see it. Whether this regards what the chairman sees versus an individual director, or what members of the governance committee see versus those on the executive committee and so on. Today that control exists with paper. It may be onerous, expensive and slow, but it works. It is critical then that the portal has an equivalent ability to differentiate access between various users. In the portal this comes in the form of a control matrix and content segregation.

An Experience that is Better than Paper:

When you change a long-standing process, you have to offer people an incentive. What you give them has to be better than what they have today. That means the user experience for your directors has to be more engaging and satisfying than what exists with paper. This requires an application that takes maximum advantage of the rich graphics and animation of the iPad to improve directors' entire boardroom experience.

Embrace Two-Way Communication:

For years, the board portal was a one-way communication tool. The GC distributed materials and directors retrieved it online and rarely communicated back. Now portals are shifting to two-way interactive capabilities that can improve decision providing greater efficiency but also allowing directors to focus on the substantive issues rather than minutiae.

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The Virtual Boardroom – Making It A Reality

By Greg Unsworth, Technology, Media, Telecoms Industry Leader and Adrian Seto, Associate Director, PricewaterhouseCoopers LLP



The Virtual Boardroom - A Reality?

As the impact of globalisation continues to expand the horizons for companies looking to grow, the importance of effective governance and oversight is ever increasing and the composition of players in the boardroom is also by necessity, changing. Companies with an international focus on operations want to ensure they have directors with an international perspective and global expertise contributing as members of the Board.

This does however require a different approach and some unique considerations. One of the issues to consider is the increasing cost of travel to attend Board meetings in different countries. The direct costs - airfares, hotels, food, transportation and communications can quickly build up especially if directors sit on multiple boards and attend several international meetings per year. Beyond the direct costs, the indirect costs also need to be considered including impact on health, lost productivity and opportunity costs

whilst the director is in transit and arguably less effective when “jet-lagged” from international travel. Additionally with climate change and sustainability top of mind for many executives all of this can create a real burden.

Video-Conferencing Technology

One of the solutions to try to manage this impact has been through the use of video conferencing. The technology supporting video conferencing has

been around since the mid 1950s and although there have been improvements in functionality, quality and overall lower costs over the years, this form of communication has not been widely embraced in the boardroom. The use of videoconferencing has not increased dramatically even as globalisation, travel costs and pace of business has accelerated. Many executives don't like the experience and don't consider it as an effective alternative to “in-person” meetings. “There is no substitute to personal interaction. Beyond the

The use of videoconferencing has not increased dramatically even as globalisation, travel costs and pace of business has accelerated. Many executives don't like the experience and don't consider it as an effective alternative to "in-person" meetings. "There is no substitute to personal interaction. Beyond the spoken word, you can establish the tone of the meeting, read body language and better gauge the subtle reactions from those in the room", said one Singapore based public company director we spoke with.

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Video technology has improved with telepresence providing a better simulated experience of an "in-person" meeting. This is achieved by a combination of life-size remote participants, fluid motion, accurate flesh tones and studio quality audio and visuals. However, whilst the technology is readily available there are many challenges in adoption, not the least of which being cost, which may hinder enterprise wide rollout of telepresence solutions. Even though telepresence technology has been around for over 10 years and many well known vendors offer the solution such as Tata and Cisco, it can be costly to implement for most companies. Costs further multiply for multinationals that have office locations around the world in different regions and multiple cities.

In addition to cost considerations, telepresence will still not fully replicate the atmosphere or the mood of a group of people in a room. In a cross border, cross cultural board meeting minor subtleties could be lost and misunderstandings will occur, particularly when not everyone's first language is English. Furthermore, the discussions at these

board meetings can be difficult and contentious which requires additional personal engagement. This will be more difficult when the directors are not in the same room.

Use of virtual boardrooms also raises issues in the legal realm and it is important to consider and understand the local regulations. For example, when voting is required how is governance and control maintained to ensure the validity of online votes? Good corporate governance is important when introducing a new medium as a whole new culture may be created. These challenges and how to manage them need to be understood and policies along with some education are essential.

Devices In The Boardroom

As consumerisation of IT becomes more prolific within enterprises, mobile devices such as tablets are also making

their way into the boardroom. Many of these devices personally belong to the directors but the ability to use them in their professional lives is expected and that extends to carrying out their board duties as well. This may result in a demand that companies move from a traditional paper-based system to electronic versions for board papers.

There are many advantages to using tablet devices and e-versions of board documents. This can include cutting down the time required to prepare the documents and not having to print multiple sets of papers. It can also improve distribution efficiency and ensure that all of the directors receive the information simultaneously. Whilst easy to see some of the benefits, the board needs to consider this as far more than a simple alternative to paper based documentation. It should be treated as a business improvement initiative like any other IT-enabled change.

Managing The Risks

When introducing new technology there are always risks involved. With mobile devices and electronic board documents, the security parameters change as information is stored in the device and can be shared easily and quickly with a simple click of a button. In addition, mobile devices can be lost or stolen so the data on them is at constant risk. However, this type of risk is not unique to technology as hard-copy board papers can just as easily be stolen, read and copied. Some argue that information

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stored electronically is more secure as it can be encrypted and devices can be set with password authentication and remote wipe security.

The security policies adopted by any one Board can also have a knock-on effect on the directors personally. Directors may want to use their own personal device and a single device for all their board needs. So it raises the question, "Who owns the device and who is authorised to take preventative measures if the device is misplaced or stolen?" There is no hard and fast rule as an answer to this question and every company needs to weigh up the benefits and risks and decide what is the most suitable approach for their organisation.

Another concern with tablets and electronic board documents is whether annotations made during a meeting belong to the director or the company and whether they are discoverable in legal proceedings. Different countries have different laws and regulations. Where the regulation is unclear the company Board needs to decide their own policy taking into consideration the regulatory environment they are subjected to.

One increasingly popular option for companies to manage board documents is establishing board portals - a secure

website which provides directors with online access to information posted by the company secretary. Board portals address the issue of storing board papers and provide effective distribution by having to only upload once to a centralised location and enable easy access to archived material. Board portals today have also evolved into more than just a repository for board documents but an avenue for secure communications as directors are requesting for more information about the company. There are several California-based companies that lead in this area including BoardVantage, Diligent and Projectplace.

We spoke with an independent director of a prolific London based public company that has progressed into a paperless environment and is using a board portal. His experience to date has been a good one. "It makes accessing the documents much easier and ensures that I have the latest versions. Each board member has an iPad with a board portal application loaded on the device. One

week before the board meeting everyone receives an email notifying them that the latest board documents are ready to be viewed via the board portal app." He spoke positively about how this avoided the need to generate and manage reams of paper and felt that the security aspect is in practice easier to manage than in a paper based environment.

The Tipping Point

In our view, it is not a matter of 'if' the boardroom will embrace technology and adopt a paperless environment but more the question of 'when' and 'how'. According to Edis-Bates Associates, a London based research consultancy, 40 per cent of 150 London-listed companies surveyed last year were using electronic means to distribute board documents. The tipping point that kick started the rapid adoption of a paperless environment was when Apple's iPad was introduced in 2010 followed by the launch of various competing device offerings. The tablet was able to combine the two key features for widespread adoption - mobility and readability.

As geographical borders become less defined and more companies participate more extensively in the global economy, the boardroom will increasingly be represented by directors from many different nations. The demands and responsibilities on these directors will continue to grow and the challenge will be for them to operate effectively. With the advancement in technology there are an increasing number of options that can help support these directors to carry out their duties. Ultimately the board needs to be focused on finding the best means to enable their Board to effectively govern their organisation.

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Board Papers In The Cloud

By Tim Woodforde, Partner and
Kathryn Martin, Associate
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Overview

It is impossible to ignore the trend towards increased use by boards in Australia and elsewhere of cloud-based information technology (“IT”) services to create paperless boardrooms, reducing the need for traditional email and paper-based communications. These services allow board papers and other information to be securely uploaded by management and then accessed remotely by directors through dedicated applications and the use of mobile devices such as laptops and iPads. In this light, Tim Woodforde and Kathryn Martin raise some issues directors should consider before deciding to move towards a paperless boardroom.

Evolving Concepts Of Communications

Efficient and effective communication has become an increasingly difficult task at board level, where companies and their directors are expected to manage complex and voluminous quantities of information.

Recent Australian court cases such as *Centro* have demonstrated the need

for directors to have continual access to company information and be able to analyse the information presented to them. In the *Centro* case, the court provided little comfort to the company’s directors, who relied on the quantity and complexity of the information supplied to them as a defence to allegations of negligence, reasoning that the board could control the amount and format of information it received.

Consequently, the standard of information oversight now expected can create problems for companies and their directors, and highlights the growing importance placed on managing the manner in which information is provided to directors, not only in terms of content but also in terms of presentation and accessibility.

Cloud-based IT services will potentially revolutionise the manner in which

management communicates with directors and directors communicate with each other.

Depending on the services provided, there are many advantages associated with using the more popular devices, such as iPads, to distribute board papers to directors. For example, there are cost savings and efficiencies associated with reduced paper consumption, courier fees and time spent on document preparation. Directors also have immediate access to current documents, regardless of their location. Further, with documents being stored in a central document repository (ie. the cloud), there is a corresponding reduction of physical storage space.

These services can vary substantially from a customised service developed to meet the needs of a particular company to an off-the-shelf service where a company has no control over the hardware or software that provides the service. Accordingly, given these technologies are relatively new and continually evolving, it is important for companies to:

- Ensure any chosen cloud service is compatible with their corporate governance and operational policies; and
- Take all appropriate actions to minimise risks associated with a variety of new legal and regulatory challenges arising from the use of cloud services.

Confidentiality And Security

When talking about confidentiality and security, a number of questions must be asked.

First, is your confidential information more secure when hosted online with other companies or offline on the company's own local network? What harm would it cause your company if confidential information fell into the wrong hands?

It is also vital to consider what type of, and how much, information you want to upload to these services – this is sensitive information and it is important to ensure you have control over, and can restrict access to, that information.

Ownership concerns also need to be considered and appropriately addressed. In *Kriewaldt & Ors v Independent Direction Ltd* (1995) 14 ACLC 73, the court considered whether board papers become the property of a director when provided to that director. Justice Paul de Jersey held that when the company provided board papers to directors it was to be taken as surrendering its right to them.

He reached this decision because the company had not reserved its rights to recall the papers when sending them to the directors, the papers had never been recalled by the company, the directors had been free to mark and annotate the papers and the papers had been sent without any conditions attached to their disposal. However, importantly, Justice de Jersey stated: “This is apparently not a case, I would add, where at the end of meetings, the papers are recalled.”

Consequently, you should consider whether you wish to implement policies to ensure board papers are recalled at the end of meetings – discuss these options with your IT service provider before rolling out the services at a board level.

You also need to consider whether it is appropriate to place restrictions on whether board papers may be printed or saved locally (ie. to the memory of the device) or annotated with notes. While personal notes made by directors on board papers can serve as useful reminders to busy directors, directors' notes can be requisitioned as evidence in court. This may be helpful if the notes show the directors adequately informed themselves, appropriately questioned and considered issues, and used proper care and diligence. However, this practice can also be risky if the notes are ambiguous, incomplete or inconsistent

with other records such as the formal minutes of meetings.

Directors' Duties

These issues can lead to tensions between a company and its directors. While a company will naturally be concerned with confidentiality and security issues, directors will be motivated to ensure their access to board papers, as well as their ability to annotate the board papers with notes, will enable them to satisfy their duties as directors, particularly their duty of care and diligence.

For a start, the board papers must be presented in a manner that allows the directors to review them to a level required to discharge their duties. From a practical perspective, it may be difficult for directors to view lengthy documents (such as financial reports) on a mobile device (where, for example, they cannot have multiple pages in front of them, as they could with hard copies). Further, those directors who are not very computer literate may find using a mobile device difficult and until they become comfortable with the technology, it may be more time-consuming and less efficient for them to review board papers using mobile devices.

Privacy

Australian privacy laws generally require personal information (or other sensitive information such as health information) collected by certain organisations to remain within Australian borders unless, among other exceptions, the individual consents to the transfer or the organisation believes the recipient of the information is subject to laws substantially similar to the National Privacy Principles. Therefore, it is important to be aware of the types of information directors will have access to online, as well as to consider whether that information will be held or accessed overseas by either the service provider or directors.

Depending on the services provided, there are many advantages associated with using the more popular devices, such as iPads, to distribute board papers to directors. For example, there are cost savings and efficiencies associated with reduced paper consumption, courier fees and time spent on document preparation. Directors also have immediate access to current documents, regardless of their location.

The company should also consider the risk that its data may be disclosed to the government of the jurisdiction in which its data is held by the service provider, possibly without its knowledge or consent.

For example, the US Government is permitted under the USA Patriot Act to seek a court order for disclosure of electronic records, often without permitting notice to the user.

Reliability Of Access

Timely access to information is vital for directors. It is important to remember that directors have both general law and statutory rights of access, and may also have contractual rights of access to certain company documents, including board papers, which may be primarily accessible through your chosen technology.

At common law, directors have rights of access to company documents to facilitate the performance of their duties, together with corresponding rights to make copies.

Directors also have a statutory right of access to certain documents (including board papers) in the circumstances afforded under sections 198F and 290 of the Corporations Act 2001.

A contractual right of access may also have been granted to directors under a Deed of Access, Indemnity and Insurance with the company, together with a corresponding right to make copies.

IT isn't always reliable. Accordingly, it is important to not only ensure you meet the general law, statutory and contractual rights of access, but that you implement appropriate standards of data protection, security, back-up, redundancy and disaster recovery processes. These standards should be documented internally within the company as well as by agreement with the relevant IT service provider.

Document Retention

Subject to individual company document retention policies, some cloud services also offer the ability to permanently purge documents on deletion. This includes the ability to irrevocably purge email messages uploaded on cloud servers or electronic notes made by directors on uploaded documents such as board papers.

Take the time to ensure your document retention policies are up to date. If documents are held online by service providers, consider adopting and maintaining a robust records

management policy to ensure you are aware of what and where documents are located.

While most people engaged in business activities understand the need to keep proper records, many are unaware of the plethora of Federal and state laws that impose document retention and production obligations. This is particularly important given the emerging trend in Australia and elsewhere to criminalise poor document management practices. Organisations that destroy documents relevant to a court hearing may be prosecuted for obstructing justice or be held in contempt of court. Potential penalties include fines for the company and the individual, and, in extreme cases, jail for the individual.

Conclusion

There is no doubt the use of paperless boardrooms by Australian companies is increasing – numerous services are being marketed that provide better ways to manage board processes in an environment where a company's compliance responsibilities are continually evolving.

The issues raised here are not intended to be exhaustive, although companies must ensure they stay alert to critical issues such as confidentiality, security, directors' duties, privacy, access to information and document retention. This means that, before making the decision to move towards a paperless boardroom, you should take a few moments to consider your company's risk profile as well as its corporate governance and operational policies, so that you continue to protect your company's information and are well prepared to incorporate these technological changes into your business practices.

It's Not Just About Director Independence, Ability Matters Too: The Governance Of Foreign Firms Listed On SGX

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Overview

Extensive press coverage of corporate scandals by Chinese firms listed in foreign exchanges occurred in the late 2000s. Chinese firms listed in SGX, otherwise known as S-shares, have similarly received bad publicity when irregularities are discovered. This period of intense media and public scrutiny has raised concerns about the governance quality of SGX-listed Chinese firms.

Outside Directors

Since outside directors play a critical role in monitoring the top executives of publicly-listed firms, one question worth addressing is the extent to which investors of S-shares rely on these directors to protect their interests and mitigate the perceived risks of future irregularities. In particular, the monitoring effectiveness of Singaporean outside directors is of interest since the SGX Rulebooks require a foreign company seeking a listing to have at least two independent directors who are resident in Singapore. To answer this question, I conducted

a study to examine two characteristics of Singaporean outside directors that may matter to investors, i.e., directors' independence and human capital. The results of this study provide some guidance on how corporate boards in

S-shares (and other foreign listings) may be better structured to increase monitoring effectiveness and assuage investor concerns with irregularities.

The first characteristic of interest is the presence of independent Singaporean

In particular, the monitoring effectiveness of Singaporean outside directors is of interest since the SGX Rulebooks require a foreign company seeking a listing to have at least two independent directors who are resident in Singapore.

Specifically, the independence of a director does not address the issue of information asymmetry between Singaporean outside directors and top executives of foreign firms. Outside directors experience different levels of informational dependencies on top executives given that they are not involved in the day-to-day operations of a firm.

directors. This proposition is consistent with the SGX Rulebooks and the emphasis on director independence in Singapore's Code of Corporate Governance. However, while director independence increases the willingness to monitor top executives in the absence of conflicts of interests, it is not a panacea for mitigating the risks of future irregularities.

Information Asymmetry

Specifically, the independence of a director does not address the issue of information asymmetry between Singaporean outside directors and top executives of foreign firms. Outside directors experience different levels of informational dependencies on top executives given that they are not involved in the day-to-day operations of a firm. In particular, Singaporean outside directors of foreign-listed firms are likely to experience non-trivial information asymmetry problems since they are domiciled in Singapore but are expected to monitor top executives located in geographically distant countries with different institutional environments. These arguments suggest a second characteristic that is likely to matter to investors, i.e., the ability of these directors to reduce informational dependencies on top executives of S-shares.

While Singaporean outside directors may reduce their informational dependencies in various ways, they are most likely to

first draw from their experience-based human capital for relevant information. I examined the profiles of independent Singaporean directors in the S-shares' annual reports and took note of whether these directors have working experience in China and the industries of the Chinese firms they are monitoring. In addition, I measured how long these directors have served on the boards of the Chinese firms and whether they have accounting/auditing experience to detect financial irregularities. These experiences are important because they provide information about a firm and its operating environments as well as task-related knowledge to interpret financial statements and detect accounting irregularities. Hence, these experience-based human capital (i.e., country, industry, firm and accounting/auditing experiences) are potential signals that influence investors' perceptions of monitoring effectiveness.

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Spillover Effect

The importance of directors' independence and human capital are examined in the context of spillover effects from announcements of financial reporting fraud from years 2007 to 2011. Negative spillover effects occur when announcements by errant S-shares negatively influence the share prices of other S-shares not embroiled in any irregularities. Not surprisingly, I find evidence of negative spillover effects for the population of S-shares listed in SGX (these negative spillover effects are computed after taking the broader market sentiment, i.e., changes in the FTSE ST All-share indice, into account). However, other S-shares are not equally affected as some experience more negative spillover effects when compared with others.

If directors' independence and human capital jointly matter to investors, then I expect negative spillover effects to be weaker for other S-shares that appoint Singaporean directors who are willing and able to monitor top executives. The results of the study are surprising. I found that the number of independent Singaporean directors per se does not mitigate negative spillover effects.

However, the mitigating effect of having independent Singaporean directors is considerably strengthened and becomes significant when these directors possess

the aforementioned human capital, except for firm experience. The firm experience of independent Singaporean directors did not matter because investors may be concerned that longer board tenures may lead to the development of social ties with top executives. Hence, while longer board tenure may increase an outside director's knowledge about a firm, this positive benefit may be negated by a decrease in the director's willingness to monitor top executives with whom social ties have developed. Overall, these results suggest that having independent Singaporean directors is insufficient to assuage investors' concerns with future irregularities. Instead, investors find confidence in the appointment of independent Singaporean directors who also possess the ability to monitor top executives effectively.

Implications

The results of this study have several implications for policy-makers, Singaporean directors and top executives of foreign-listed firms.

First, governance standards have largely stressed the importance of director independence for monitoring top executives. However, a focus on independence emphasizes director willingness but overlooks director ability to discharge the monitoring role. There is a need to pay more attention to the human capital of directors to monitor top executives so that the governance of foreign-listed firms may

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be improved. By logical inference, this broad recommendation also applies to domestic firms listed in SGX. This study suggests that country-related experience is relevant for foreign-listed firms. Industry-related experience is also important for both foreign and domestic firms. Accounting/auditing experience is important when the concern is with financial reporting irregularities and is highly relevant for board members appointed to the audit committee.

Second, independent Singaporean directors should consider developing their human capital to boost monitoring effectiveness. Such an endeavour is likely to assure investors that their interests are protected by qualified directors who are equipped to handle the demanding requirements of holding directorship positions in publicly-listed firms, especially foreign firms. It is also important for these directors to disclose their relevant expertise and experience in annual reports so that investors can easily assess their competencies.

Third, top executives of foreign-listed firms may also benefit from this study. One way that foreign-listed firms can differentiate themselves from other foreign listings is to adopt substantive governance structures that are able to protect the interests of minority shareholders. Since directors play a key role in the governance of publicly-listed firms, the appointment of independent and capable local directors by foreign-listed firms is likely to increase the confidence of local investors.

Conclusion

The governance of foreign-listed firms is characterized by high information asymmetry between outside directors resident in the country of the exchange and top executives of the foreign firm. This creates informational dependencies that outside directors must overcome to become better monitors of top executives. Hence, a strong emphasis on board independence must be supplemented by a requirement for independent directors to also possess the relevant human capital to improve monitoring capabilities. While appointing willing and able directors on the boards of foreign firms does not guarantee that irregularities will not occur, doing so will certainly assuage the concerns of investors and provide greater confidence to hold equity stakes in such firms.

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Personal Data Protection Act

By Rajesh Sreenivasan, Partner, and
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Overview

On 15 October 2012, the Personal Data Protection Bill passed into law as the Personal Data Protection Act 2012 (“PDPA”). The objective of the PDPA is to circumscribe an organisation’s activities relating to the collection, use and disclosure of personal data. The PDPA is expected to come into force in January 2013. Organisations will be given a limited sunrise period of 18 months to comply with the PDPA.

This article aims to provide busy Directors and Senior Executives with a ‘snapshot’ of the personal data protection regime, their obligations in respect of compliance with the PDPA and how the PDPA will impact their organisations.

Key Facts That Every Director And Senior Executive Must Know

From January 2013, the personal data protection regime will be implemented

in Singapore. The personal data protection regime:

- applies to all organisations, except for those in the public sector.
- imposes obligations on organisations to comply with the data protection principles found within the PDPA, except where there are express exemptions provided. Directors and Senior Executives may directly or indirectly be liable under the PDPA for breaches of such obligations.
- requires organisations to appoint one

or more individuals to be responsible for ensuring that the organisation complies with the PDPA.

- imposes obligations on organisations to develop and implement policies and practices for compliance with the PDPA.
- will establish a Data Protection Commission (“The DPC”) that will oversee the implementation of the PDPA.
- will establish a National Do Not Call (“DNC”) Register for individuals

Personal data is defined widely in the PDPA to refer to all data, whether true or not, from which an individual, living or deceased, can be identified, whether from that data or from other information to which the organisation is likely to have access. The latter casts the net wide on the extent of data that will fall within the definition of personal data and consequently under the ambit of the PDPA.

to opt out of receiving marketing messages that can be received via voice calls, text messages (including SMS / MMS) and facsimile.

- is extraterritorial in nature and imposes requirements for transfer of personal data outside of Singapore.

The paragraphs that follow elaborate briefly on the key facts highlighted.

Ambit Of The PDPA

All organisations (except for public agencies) will have to comply with the provisions of the PDPA except where exemptions apply. ‘Organisations’ is defined broadly under the PDPA to mean all forms of entities, including an individual whether or not formed or recognised under the law of Singapore or resident or having an office or a place of business in Singapore. Coverage of the PDPA thus extends to private limited companies, listed companies, partnerships and charities, to name a few. The PDPA also has an extra-territorial effect. For example, a body corporate incorporated outside Singapore operating an e-commerce online business that collects personal data from an individual who is physically present in Singapore will be subject to the ambit of the PDPA.

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information to which the organisation is likely to have access. The latter casts the net wide on the extent of data that will fall within the definition of personal data and consequently under the ambit of the PDPA. Additionally, the PDPA will apply to both electronic and non-electronic data.

Organisations Will Have To Designate One Or More Individuals To Ensure Compliance With The PDPA

The PDPA imposes an express obligation on an organisation to designate one or more individuals to be responsible for ensuring that the organisation complies with the PDPA. The organisation is also expressly required to develop and implement policies and practices for compliance with the PDPA. This logically translates into a requirement for each organisation to have in place compliance manuals or policies that would deal with the various aspects of the PDPA and their application to the organisation’s business practices and processes.

Organisations are recommended to audit existing business processes and introduce compliance manuals and policies during the 18 month sunrise period of the PDPA in preparation for full compliance with the PDPA. Organisations should consult with data protection experts to assess current practices in relation to key areas where

personal data is used. Some relevant areas which Directors and Senior Executives should be mindful of are: (i) the employment, promotion and termination of staff; (ii) business asset transactions; and (iii) investigations of employees within the workplace.

Failure To Comply With The PDPA Could Result In Civil And Criminal Penalties

Criminal and / or civil sanctions may be meted out for non-compliance with the PDPA. The Data Protection Commission may impose financial penalties of up to S\$1 million. Further, officers of body corporates could be liable criminally for the offence committed by the body corporate, where that offence is committed with the consent, connivance, or neglect of the officer. ‘Officer’ is defined to include directors, partners and members of senior management or anyone purporting to act in such capacity. Directors and Senior Executives would likely be considered as “officers” under the ambit of the PDPA.

Additionally, organisations are held responsible for the acts or conducts of employees that are in breach of the PDPA. Organisations are thus liable under the PDPA for their employees’ acts or conducts even if they were carried out without the employer’s knowledge or approval. However, it may be a defence for an organisation to show that it has taken practicable steps to put in place policies and procedures to ensure compliance prior to the breach.

Regulation Of The Collection, Use And Disclosure Of Personal Data

Organisations May Only Collect, Use And Disclose Personal Data Where Consent Has Been Given For A Specified Purpose

Under the PDPA, an individual has to consent to the collection, use or

The PDPA imposes an express obligation on an organisation to designate one or more individuals to be responsible for ensuring that the organisation complies with the PDPA. The organisation is also expressly required to develop and implement policies and practices for compliance with the PDPA.

disclosure of his/her personal data before such data may be processed. Consent may be express or deemed. In certain situations, consent may not be required if an exemption under the PDPA applies. The individual who had given his / her consent has the right to withdraw his / her consent. Once the individual has withdrawn his / her consent, the organisation is required to cease processing of his / her personal data.

Exemptions To The Consent Requirement

Organisations may be exempted from obtaining consent if an exemption under the PDPA applies. A few exemptions relevant to Directors and Senior Executives include:

where the collection, use or disclosure of personal data relates to a business asset transaction (e.g. in a proposed Mergers and Acquisitions situation, consent may be waived where personal data of senior management within the company are important to the other company making a decision on the transaction. This exception is subject to various conditions such as notification to the various stakeholders that their personal data is being disclosed for business asset transaction purposes).

where the collection, use or disclosure of personal data is required for the purposes of an investigation (e.g. where a senior employee of a company is suspected of committing employee fraud, consent may be waived where the organisation investigates that employee's activities in the office).

Purpose

Organisations must inform an individual of the purpose of collecting, using or disclosing his/her personal data when seeking his/her consent.

Organisations may collect, use or disclose personal data only for purposes:

- that a reasonable person would consider appropriate in the circumstances; and
- that was informed to the individual on or before collecting the personal data.

The processing of such personal data may then only be used in accordance with the purpose. Fresh consent is required where the data is required for a new purpose which was previously not specified to the individual.

Care Of Personal Data By Organisations

Accuracy

Organisations must make reasonable efforts to ensure that personal data

collected is accurate and complete, if the personal data is likely to be used to make a decision that affects the particular individual, or is likely to be disclosed to another organisation.

Protection

Organisations are required to safeguard personal data within their control by making reasonable security arrangements to prevent unauthorised access, use, disclosure or similar risks.

Retention

Organisations are no longer permitted to simply store or archive personal data within their possession perpetually.

Organisations must destroy or anonymize documents containing personal data as soon as it is reasonable to assume that the purpose for which the data was collected is no longer being served by its retention and retention is no longer necessary for legal or business purposes.

Access And Correction Rights

The PDPA gives individuals access and correction rights in the personal data held in the possession of organisations. Organisations must address individual requests for obtaining personal data that is in their possession or control. Organisations may refuse the requests if there are reasonable grounds to do so or if such requests fall within the defined exemptions (e.g. request for opinion data).

Criminal and / or civil sanctions may be meted out for non-compliance with the PDPA. The Data Protection Commission may impose financial penalties of up to S\$1 million. Further, officers of body corporates could be liable criminally for the offence committed by the body corporate, where that offence is committed with the consent, connivance, or neglect of the officer.

Transfer Of Data Outside Singapore

Under the PDPA, organisations are not allowed to transfer personal data outside of Singapore, except in accordance with the requirements prescribed in the PDPA, so as to ensure that organisations provide a standard of protection that is comparable to the protection under the PDPA. However, organisations may apply to the Data Protection Commission to request for an exemption from this requirement.

Enforcement And Powers Of The Data Protection Commission

A DPC will be set up to oversee the implementation of the PDPA. The DPC will be given the powers to:

- issue guidelines
- give directions to remedy non-compliance
- review complaints
- initiate investigations
- impose financial penalties of up to S\$1 million

“Do Not Call” Register

The PDPA will bring about the setting up of the DNC Register. It is intended to allow individuals to opt-out of receiving marketing messages by registering their Singapore phone numbers. Whilst the PDPA will come into force in January 2013, the DNC Register is expected to be ready for public sign-up in early 2014. The DNC regulates marketing messages that can be received by recipients via voice calls, text messages (SMS/ MMS) and facsimile.

Organisations who wish to transmit marketing messages to an audience would have to ensure that the recipient

Additionally, organisations are held responsible for the acts or conducts of employees that are in breach of the PDPA. Organisations are thus liable under the PDPA for their employees' acts or conducts even if they were carried out without the employer's knowledge or approval. However, it may be a defence for an organisation to show that it has taken practicable steps to put in place policies and procedures to ensure compliance prior to the breach.

of such messages has not registered with the DNC Register.

Before sending such marketing messages to a recipient, organisations are required to check whether the recipient's name has been registered under the DNC Register within a prescribed period. It would be an offence for an organisation to send a marketing message to a recipient who has registered its Singapore phone number in the DNC Register.

The type of marketing messages that is under the ambit of the PDPA has been cast wide. It includes messages which have the purpose (not necessarily the exclusive purpose) of offering to supply goods or services, advertising or promoting goods or services, advertising or promoting a supplier, supplying land or an interest in land, promoting or advertising a business opportunity or investment opportunity etc. Goods and services have in turn been defined widely and they include financial products or financial services (collectively, “Specified Marketing Messages”). The PDPA has deemed certain messages to not be Specified Marketing Messages. For example, any message sent by an individual acting in a personal or domestic capacity.

Notwithstanding that an individual has

registered his or her Singapore telephone number on the said register, he or she may still expressly consent to receiving such Specified Marketing Messages from an organisation. However, the individual may withdraw his or her consent at any time upon giving notice to the organisation.

Under the PDPA, persons in breach of the DNC Register requirements would be liable to penalties of up to S\$10,000 per breach.

Unsolicited business-to-business Specified Marketing Messages are not within the ambit of the PDPA.

Conclusion

The PDPA has far reaching effects on how organisations conduct business. The impact ranges from internal and external communications within organisations, such as the handling of employment records to the transfer of important personal information between companies. Directors and Senior Executives should be mindful of the impact that the PDPA has on its organisation and consider concrete steps now to commence implementation strategies in anticipation of the PDPA being in force.

New Mainboard Admission Criteria

By Mark Liew
 Managing Director, Corporate Finance
 PrimePartners Corporate Finance Pte Ltd

Overview

On 19 July 2012, the Singapore Exchange introduced higher Mainboard admission criteria as part of ongoing efforts to transform the Singapore stock market. The new admission standards which are effective 10 August 2012, provide clarity to listing aspirants and market participants as changes to the listing rules had been proposed in a public consultation paper issued more than 2 years back on 6 January 2010. The changes have sparked much debate and this article seeks to highlight the key changes and potential market developments moving forward.

Key Changes

New Mainboard Rules	Previous Mainboard Rules
<i>Quantitative listing requirements</i>	
1. Have a market capitalization at listing of not less than S\$150 million if they are profitable in the last financial year and have an operating track record of at least 3 years; OR	Have cumulative consolidated pre-tax profit of at least S\$10 million for the last 1 or 2 years; OR
2. Have a market capitalization at listing of not less than S\$300 million if they only have operating revenue in the latest completed financial year; OR	Have a market capitalization at listing of at least S\$80 million if they do not meet the quantitative profit track record requirement; OR
3. Have minimum consolidated pre-tax profit of at least S\$30 million for the latest financial year and have operating track record of at least 3 years.	Have cumulative pre-tax profit of at least S\$7.5 million for the last 3 years, and a minimum pre-tax profit of S\$1 million for each of those 3 years.

<i>Minimum Issue Price</i>	
The minimum issue price has been increased to S\$0.50 for each share.	The minimum issue price was S\$0.20 for each share.
<i>Distinction Between Very Substantial Acquisitions (VSAs) And Reverse Takeovers (RTOs)</i>	
1. VSAs are acquisitions of assets (whether or not in the issuer's ordinary course of business) where any of the relative figures as computed on the bases set out in Rule 1006 is 100% or more. RTOs are acquisitions that result in a change in control of the issuer.	VSAs and RTOs were grouped together without clear distinction.
2. Target business of VSAs must be profitable and be in a healthy financial position.	No such requirement.
3. Enlarged group in RTOs must meet one of the three quantitative listing requirements - either one of the relevant market capitalization requirements or the profitability requirement.	Enlarged group in RTOs must meet one of the previous profit track record requirements. RTOs could not list under the S\$80 million market capitalization requirement.
<i>Independent Valuation Required For VSAs And RTOs</i>	
For both VSAs and RTOs, listed companies must now appoint a competent and independent valuer to value the incoming business.	An independent valuation of the incoming business was not required. This was left to the discretion of the listed company and its advisers.
<i>Same Criteria For Assessment Of IPOs And RTOs</i>	
Formalize that RTOs are subject to the same level of due diligence and admission criteria as IPOs.	Although not explicit in the listing rules, market practice is that RTOs are subject to similar due diligence and admission criteria as IPOs.

Market Developments

With these changes, we can expect the typical profile for Mainboard listings to be larger capitalized companies with stable management teams that have delivered growing profits over the last 3 financial years. These quantitative changes are consistent with the push to raise listing standards, and complements ongoing efforts to attract larger regional and international companies to raise funds on the Singapore Exchange amidst strong competition from other exchanges in Asia.

Setting a minimum market capitalization at listing of at least S\$150 million for profitable companies raises the bar significantly, as the previous unofficial minimum market capitalization at listing by convention was closer to S\$100 million. Many companies that previously held Mainboard aspirations, on the basis that they would have qualified under the previous profit track record requirements, would no longer be able to qualify under the new minimum market capitalization requirement.

In terms of profitability, the bar has been raised even higher with a

minimum consolidated pre-tax profit of S\$30 million compared to S\$10 million previously. Although this is a separate quantitative requirement, that is, listing aspirants are only required to meet one out of the three quantitative listing requirements, it is nonetheless indicative as to the level of profitability that companies are expected to have achieved before seeking to list on the Mainboard.

Companies that have no profit track record will have to achieve a minimum market capitalization of S\$300 million at listing, compared to S\$80 million previously. This essentially allows loss-making companies to list on the Mainboard provided they are able to pass due diligence with issue managers and underwriters, and have sufficient public investors to support the company's pricing.

After a 9-month transitional period starting from 19 July 2012, the aforesaid quantitative listing requirements for Mainboard companies will also be applied to all Catalist-listed companies seeking to transfer to the Mainboard in the future.

Naysayers have commented that raising admission requirements for the

Mainboard will result in fewer listings as the potential pool of larger-capitalized regional and international companies is necessarily smaller and this is not desirable given the relatively weak IPO markets. However, such companies have the choice of listing on any number of international exchanges and it is not a given that these companies would seek a listing on the Singapore Exchange. Raising admission standards, coupled with improved corporate governance, greater transparency and safeguards for investors and high-speed trading systems to improve trading liquidity should be viewed in the context of ongoing efforts to maintain our competitive position in global markets.

Impact On Existing Mainboard Companies

The changes raise an interesting question as to whether more will be done with respect to the smaller capitalized companies currently listed on the Mainboard. Based on 4 September 2012 closing prices, out of over 600 companies listed on the Mainboard, there are 337 companies that have market capitalizations of less than S\$150 million, and of these 143

companies that have market capitalizations of less than S\$40 million.

A significant proportion of the 143 companies have not been performing from a financial perspective and will have to restructure and/or change business direction in order to cope with structural changes in their existing businesses and to take advantage of new business opportunities.

In this respect, a watch-list for Mainboard companies had been implemented in 2008. Companies that report consolidated pre-tax losses for 3 consecutive financial years and have average daily market capitalization of S\$40 million over the last 120 market days will be on the watch-list. Once on the watch-list, companies are required to provide a quarterly update on their financial position and future direction. Companies may be removed from the watch-list if they return to profitability on a pre-tax basis (no minimum figure) and have an average daily market capitalization of S\$40 million over the last 120 market days. If they are not able to return to profitability after 24 months, the Exchange may suspend trading with a view to removing the issuer from the Official List.

The pressures on existing Mainboard companies to perform are very real and given current market conditions have led to a greater receptiveness of boards to consider corporate actions such as delistings and privatizations on the one hand; and VSAs and RTOs on the other. This trend which has become more apparent in the last 12 to 18 months is likely to continue for the next few years.

The distinction between VSAs and RTOs under the new rules does raise more considerations for such corporate actions. For instance, VSAs are now limited to businesses that are profitable and that have a healthy financial condition. This is a safeguard for shareholders given the

size of such acquisitions relative to the listed company, although it does have the effect of being more restrictive on the options available to the listed company. Additional clarifications or waivers from the Exchange may also be required when listed companies seek to acquire assets, rather than businesses or companies, as assets would not have a profit track record.

Defining RTOs as acquisitions that result in a change in control covers a wide scope. The listing rules defines a “controlling shareholder” as a person who holds directly or indirectly 15% or more of the total number of issued shares excluding treasury shares in the company, or in fact exercises control over the company. Clarifications or waivers from the Exchange will have to be sought accordingly.

On a positive note, the new rules for RTOs appear to be more flexible as the enlarged group in a RTO can now list without meeting any profit track record so long as it can achieve a minimum market capitalization of S\$300 million at listing - an option that was not previously available.

Independent Valuations

In an environment where VSAs and RTOs are likely to be more prevalent, it is timely that an independent valuation of the incoming business will be required for such transactions both on the Mainboard and for Catalist companies so as to provide greater clarity and information for existing public shareholders to make an informed decision on whether to approve such transactions. This is especially useful in circumstances where the incoming business may not have a profit track record or there are profit guarantees or warranties as part of the financial terms.

Catalist A Viable Alternative To The Mainboard

With the new Mainboard admission criteria putting the Mainboard out

of reach of some companies, many have asked whether Catalist is a viable alternative or a poor second choice?

The regulatory framework for Catalist came into effect in 2008 and since then, some 50 new listings have been sponsored by a pool of sponsors approved by the Exchange. To date, none of the companies have been found to be fraudulent or gone bankrupt post-listing. In fact, Mecast Holdings Limited which listed on Catalist on 25 June 2008 with a market capitalization of S\$41.3 million, has successfully transferred to the Mainboard on 14 December 2011 and now has a market capitalization of S\$122.1 million (as at 5 September 2012).

The move by the Exchange to more clearly differentiate between Mainboard and Catalist listings can be viewed as an indirect endorsement of the Catalist board and reflects the regulatory perspective that it is a viable fund-raising alternative to issuers that do not meet the new Mainboard admission criteria.

Conclusion

The new Mainboard admission criteria, among other recent initiatives by financial authorities here, have created a more sharply defined marketplace in Singapore allowing investors on the Singapore Exchange both focus and choice either in Mainboard stocks of sustainable mature companies with sizeable profitability, regional scale and scope, or a Catalist market of vigorously growing SME companies.

This sets the stage for Singapore to play a bigger role as a gateway market to new Asian listed companies from East Asia as well as Southeast Asia's unique blend of emerging and frontier economies in their search for growth and expansion capital.

Board Essentials: Understanding Value Creation & Corporate Governance The “Private Equity Way”



On 1 November 2012, at Marina Mandarin Singapore, Professor Claudia Zeisberger and Mr Michael Prah! discussed the following questions with participants: What are the drivers of success in PE? What elements of the model can we replicate in our respective organisations to benefit the various stakeholders? How do benefits accumulate throughout the process of value spotting, value structuring and operational value creation?

The session also explored the important elements of private equity transactions – ranging from deal evaluation, deal structuring to setting up corporate governance in portfolio companies.





Listed Company Director Mandarin Programme In Xiamen, China



This 2-day Mandarin programme consisting of 9 modules was held on 22 and 23 November 2012 in Xiamen, China. It was designed for 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 made on 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 answer questions raised.

The speakers were Mr Hee Theng Fong from RHTLaw Taylor Wessing LLP, Mr Ng Siew Quan from PricewaterhouseCoopers LLP, Mr Alan Pang from Aon Hewitt, Ms Christine Lie and Ms Neo Hwee Kwan from the Singapore Exchange and Mr Sovann Giang, Executive Director of the Institute.





14th Annual General Meeting & Luncheon



On 27 November 2012, at the Marina Mandarin Singapore, the Institute organised its 14th Annual General Meeting (“AGM”) which was followed by a luncheon.

At the AGM, three new Council Members were elected to the Governing Council. They were Mr David Conner, Director of Oversea-Chinese Banking Corporation Ltd, Mrs Elaine Lim, Managing Director of Citigate, Dewe Rogerson, I.MAGE Pte Ltd and Mr Lim Chin Hu, Managing Partner of Stream Global Venture Catalyst Pte Ltd.

The luncheon was attended by about 240 members and guests, including Honorary Fellows Mr JY Pillay, Mr Lim Chee Onn and Professor Walter Woon.

The luncheon speaker was Professor Walter Woon, Dean of the Singapore Institute of Legal Education and Chairman of the Steering Committee

that reviewed the Companies Act. Professor Woon spoke on the recently announced changes to the Companies Act.

Tokens of appreciation were also presented to Mr Chew Heng Ching

and Mr Boon Yoon Chiang, who had stepped down after many years of service to the Institute. The other retiring Council Members who were not present at the luncheon were Messrs Keith Tay, Reggie Thein, Lim Hock San and Yeo Wee Kiong.









Is Your Strategy Ready For Deployment? Practical Tips To Fulfill Your Oversight Responsibility As A Director



This breakfast event was held on 28 November 2012 at Raffles Hotel Singapore and presented by Mr David Wilkins, Partner, Singapore, Decision Processes International (“DPI”).

Based on DPI’s Strategic ThinkingSM Process, a proven approach to the collective formulation and implementation of a “game changing” strategy, Mr Wilkins spoke about equipping Directors with the skills to critically dissect the strategy and determine whether or not it is “good”. With this assessment, Directors would be able to establish if all the right conditions are in place for the organisation to deliver the aspired strategy. This would then enable Directors to both engage and inspire the executive leadership and more effectively contribute to the sustained success and compliance of the organisation.





Members' Networking Night With The Singapore Chinese Orchestra



The Institute's Members Networking event was held on the evening of 29 November 2012, at the Singapore Conference Hall. The purpose of this event was to introduce the Singapore Chinese Orchestra ("SCO") and to share with members how the organisation is managed and what the role of the Board of Directors is.

SCO Director Patrick Goh welcomed the guests and spoke about the role of the Board. General Manager, Mr Terence Ho, then gave a short talk on the "Running of non-profit organisation as a business", while Associate Conductor, Mr Quek Ling Kiong, introduced Chinese instruments used by the Orchestra.

This was followed by a short performance by an ensemble of SCO musicians and the Associate Conductor. Dinner was served to conclude the event.

About 30 SID members attended the networking session.





Assessing Board Effectiveness With A Focus On Risk



Regular assessment of board effectiveness is now widely recognised as best practice in all major developed markets: the requirement features in all leading corporate governance codes. Related to this, risk is becoming a critical item on board's agendas and the board's role in relation to risk is coming under increasing scrutiny.

At a breakfast event on 30 November 2012, at the Marina Mandarin Singapore, Mr Hanif Barma, a partner in UK-based board and governance consultancy of Independent Audit Limited discussed the latest trends in relation to board effectiveness assessments.





Upcoming Talks/ Courses

Upcoming Events

JANUARY 2013

Wednesday, 16 January LCD Director Programme Module 1
Listed Company Director Essentials: Understanding The Regulatory Environment In Singapore: What Every Director Ought To Know

MARCH 2013

Wednesday, 6 March LCD Director Programme Module 1
Listed Company Director Essentials: Understanding The Regulatory Environment In Singapore: What Every Director Ought To Know

Wednesday, 20 March LCD Director Programme Module 2
Audit Committee Essentials

Tuesday, 26 March LCD Director Programme Module 3
Risk Management Essentials

APRIL 2013

Wednesday, 4 April LCD Director Programme Module 4
Nominating Committee Essentials

Tuesday, 16 April LCD Director Programme Module 5
Remuneration Committee Essentials

Friday, 19 April EBL Module 1
Effective Board

MAY 2013

Friday, 17 May EBL Module 2
The Board & Fund Raising

Thursday & Friday, 23 & 24 May LCD Mandarin Programme in China

Tuesday, 28 May LCD Director Programme Module 1
Listed Company Director Essentials: Understanding The Regulatory Environment In Singapore: What Every Director Ought To Know

Thursday, 30 May EBL Module 3
Enterprise Risk Management

SID-SMU Executive Certificate in Directorship

Modules	Programme Dates	Assessment Date
Module 1: The Role Of Directors: Duties, Responsibilities & Legal Obligations	9 to April 2013	Take-home assessment
Module 2: Assessing Strategic Performance: The Board Level View	20 to 23 March 2013	Take-home assessment
Module 3: Finance For Directors	20 to 22 May 2013	Take-home assessment

Course schedule is subject to changes. Please refer to SID website at www.sid.org.sg for the latest dates.

Welcome Aboard

November 2012

Beston	Neville	Lim	Meng Check	Tan	Yen Yen
Chan	Alan C.L.	Lindner	Holger	Tan	Bee Kim
Clinton	Gregory	Loh	Boon Leng David	Xia	Xuegang
Goh	Peng Fong	Low	Kheng Thor Elsie	Yam	Yoke Chun
Goodyear	Alan	Mah	Chaly	Yap	Shih Chia
Harvey	Gary	Ng	Toong Marn David	Yeo	Ai Mei
Kwang	Muay Ing	Phua	Chian Kin	Zhao	Lei
Kwok	Chui Lian	Scherz	Gunther	Zhao	Deming
Lam	Kuet Keng Steven John	Sorensen	Lars		
Lim	Joo Seng	Tan	Judy		

December 2012

Ahuja	Vivek Gopaldas	Ho	Chor Yau	Qian	Meijun
Bernard-Brunel	Ivan	Kee	Teck Koon	Sahajwalla	Girish
Chow	Hock Meng	Lee	Kheng Kim Walter	Van Aerschot	Constant
Ford	Cameron Samuel Ernest	Lev	Lavi	Wong	Ai Lin
Gastaldello	Andrew	Ng	Soon Guan		

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

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.**