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SID DIRECTORS BULLETIN

SINGAPORE INSTITUTE OF DIRECTORS

Quarter 2, 2021

Trust and Value Creation

Page 22

It's Tough to Trust AI Without Ethics

Page 48

The Art and Science of Using Numbers to Persuade (and Deceive)

Page 54

SAVE THE DATE

8 & 9 September 2021

SID DIRECTORS CONFERENCE

An Asian Renaissance beckons as regional economies recover and rebuild from the throes of the pandemic. As organisations adapt to the new realities of today, many are looking ahead and exploring ways to emerge stronger. The march of the Asian decade is a source of growth and opportunities. This year's SID Directors Conference returns with a hybrid format to look at emerging trends, through the perspective of industry players, regulators and thought leaders. The conference will cover themes around the new capitalism, geopolitical shifts, hyper digitalisation, focus on ESG (environmental, social and governance) and the global tussle for talent.

Visit **www.sid.org.sg/Conference** for updates.

Building Trust in a Post-Pandemic World

By **PAULINE GOH**
Chair, SID Bulletin Committee

A year that began with the tentative roll-out of coronavirus vaccines worldwide has sorely tested the bonds of trust among the various stakeholders: governments, pharmaceutical companies, healthcare experts and the public. There is scepticism over the efficacy and long-term effects of vaccines rushed through development. Countries are fighting over access to vaccines, with the richer ones being accused of vaccine nationalism.

The pandemic may have made it plain, but trust has long been an issue in modern times. Populist political movements, growing economic inequalities, and the rising social mistrust of institutions have widened the chasm between disparate groupings.

What's clear from the articles in this issue is that trust cannot be demanded; it must be earned.

In "The Psychology of Trust Amid Covid-19 Challenges" (page 6), David Chan explains that organisations – whether public, corporate or philanthropic – gain credibility by delivering results. He describes how responsible leadership and an informed mass base will go a long way to prepare us for the next crisis.

John Kerr explores how Singapore has built a strong trust ecosystem (page 14). Together with business-led community initiatives, the government's handling of the pandemic pushed the Singapore Trust Index to a 10-year high in 2021, as measured by the Edelman Trust Barometer.

DIRECTIONS

Preserving stakeholder trust enables businesses to take risky decisions that will create long-term value for the company. Peter Ho looks at ways that companies can build trust (page 18), and Low Buen Sin illustrates how high-trust firms enjoy better financial performance and higher valuation (page 28).

Mak Yuen Teen puts the spotlight on building trust in the boardroom (page 28). Strong corporate governance and trust in the independence of directors can go a long way to assure investors and build stable capital markets.

From the regulatory perspective, Choy Sauw Kook asserts that a robust quality and standards infrastructure provides enterprises with a platform to build trust among customers and partners (page 38). At the same time, Yaacob Ibrahim and Chong Yoke Sin make a case for embedding proper data governance and ethics to build trust in how organisations use knowledge and insights gained from data (page 48).

The coronavirus vaccination campaign is a chance to regain public confidence in legislative bodies, government agencies, research universities, public and private institutions, and businesses in general – all who have skin in the game.

The goal of rebuilding trust is not an end in itself. It is also key to rebuilding the world's social and economic systems, in the wake of the Covid-19 crisis, with forward-looking, fair and sustainable solutions for a post-pandemic world. ■

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CONTENTS

FEATURES

COLUMNS

INDUSTRY NEWS

SID CALENDAR

SID NEWS

The Psychology of Trust Amid Covid-19 Challenges

By **DAVID CHAN**

To build a high-trust climate, leaders need to understand better how humans think, feel and act in the context of the issues that people care about. Why and how does the psychology of trust matter in navigating Covid-19 challenges?

The Covid-19 pandemic has caused and will continue to cause great disruption to lives, livelihoods, ways of life, and quality of life. Yet, post the pandemic, daily functioning will not be the same. The immense, unexpected impact of Covid-19 has highlighted the urgency to restructure the way we live, work, learn and play, in anticipation of a future "Disease X" that could be more virulent and infectious.

To effectively function in the new normal, a principled, adaptive leadership in which leaders' decisions, words and actions are highly trusted by the public is needed. Trust is critical for problem-solving because a baseline level of trust is foundational for people to believe their leaders and decide to cooperate or be motivated to perform actions towards achieving the intended outcome.

When public trust is low, effective functioning is hampered – leaders, be they in governments, businesses or nonprofit organisations, will find it extremely difficult to implement a control measure or an initiative, change a prior decision or explain the change, and galvanise people to collectively manage a crisis. Research in behavioural sciences has consistently shown that trust in leaders is difficult to build, easily eroded, and difficult to restore once lost.

In addition, leaders are susceptible to the same human biases of overconfidence and low self-awareness. Many leaders not only think they are better than they actually are, they also overestimate their followers' perception of their trustworthiness.

An evidence-based approach to building trust, that understands how humans think, feel and act in the context of the issues people care about, can help leaders prevent trust erosion, repair trust violation and enhance trust development.

For this to happen, it is important to have the humility, learning orientation and objectivity to draw lessons on trust in leadership. Singapore's responses and experiences in the Covid-19 crisis so far provide rich case examples of public trust issues.

To contextualise trust, we need to define the specific issue, situation and time period. A useful framework is what I call the 3Ms of trust matters, which looks at trust as Multi-level, Multi-dimensional and Malleable.

Trust is multi-level

Trust is multi-level. It is essential to recognise the different aspects of trust at different levels, from individual to group to institution.

Individual level

The individual level is fundamental because trust is essentially a psychological construct, and it is really the perception of trust that matters. A trustee (e.g., the leader seeking to be trusted) may be objectively trustworthy on an issue, but if the trustor (e.g., the person deciding whether to trust the leader) does not perceive the trustee as trustworthy (because other factors such as coordination or communication have negatively affected the trust perception), there will still be low trust. The level of distrust matters because it affects how the trustor thinks, feels and acts, which, in turn, could lead to important individual and collective actions or reactions.

Group level

Trust can also occur at the team or group level. Do you trust the 4G leaders (fourth generation of political leaders in Singapore)? When answering this question, you are thinking of the 4G as a team, as the abstract trustee, without necessarily thinking of any particular individual leader. But it may take just one individual leader in the team to behave in a certain way to increase or decrease your level of trust for the 4G as a team. This can also happen at the organisational level when we talk about the level of trust that an employee has in the senior management leadership team.

Inter-group level

At the team or group level, we can examine inter-team trust or inter-group trust. In Singapore, we often talk about social cohesion and harmony in terms of trust between groups, such as between different racial groups or religious groups. Singapore needs to pay attention to other emergent group differences, such as trust between locals and foreigners, or between other emergent groups categorised according to variables like age or socioeconomic class demographics, and even value beliefs or positions (such as attitudes towards LGBT [lesbian, gay, bisexual, and transgender] issues).

Inter-group trust is important for social cohesion. Without it, there would be wider social divides in the larger society in which the groups are a part. Inter-group trust is also critical to enable groups to work together and turn group differences into complementary strengths in diversity rather than conflicting weaknesses in disagreements. So, it is crucial to develop a climate of inter-group trust. For example, when creating public spaces and amenities or common facilities at the workplace, leaders should consider how this can be done to facilitate positive naturalistic interactions among diverse groups of people.

Institutional level
There is also public trust at the level of institutions and the government. When we talk about public trust in Singapore, we often refer to trust in the Singapore Government and specific public institutions such as the enforcement agencies. Although this notion of public trust is clear in terms of the trustee, the issues are complex, such as which dimensions of trust are in question and how they are related. This brings us to the concept of multi-dimensionality, which is the second M of trust matters.

Trust is multi-dimensional

Trust is multi-dimensional, for both parties (the trustor and the trustee) in a trust relationship.

Beliefs
A citizen's propensity to trust the government is affected by his or her personal beliefs and perceptions about the government. This subjectivity is only partly dependent on, and sometimes even independent of, the government's objective trustworthiness. This is because the government's objective trustworthiness is sometimes not evident to the citizen for various reasons.

For example, the citizen may lack access to relevant information. Alternatively, a failure in government coordination or public communication may have confounded the issues and led to a negative trust perception. Also, the citizen may have misinterpreted certain facts or been misled to believe that some falsehoods or inaccuracies are factually true.

Expectations
Trust also comes with the public having certain expectations, such as what the government and leaders will or will not do. For example, we expect leaders to have public consultations when designing or implementing certain policies, and we expect leaders to not omit important information when providing us facts to make our personal decisions. When this expectation is not met, it leads to negative emotions, perceptions or even retaliatory actions.

On the other side of the relationship, the trustee's trustworthiness as perceived by the trustor, is based on what the trustor thinks about the trustee's competence, integrity and benevolence.

Trust in competence
Trust in competence refers to people's perception of the leader's ability to solve problems and effectively address their concerns. In the case of governments, this trust dimension refers to the public's confidence in national leaders and the governing bodies to perform and solve problems affecting people's lives, such as those relating to infrastructure, public transport, delivery of public services, and the effectiveness in managing crises.

Trust in integrity
Trust in integrity has to do with the perception of the leader's character. It involves issues of honesty, incorruptibility and impartiality. The focus is on the integrity of the person (such as public service officers and political leaders), but it also involves the perception of how breaches of integrity are handled. In Singapore, the Government's vigorous actions against those caught for corruption, regardless of who they are, may mitigate the erosion of trust due to integrity breaches to some extent and reinforce the government's position on zero tolerance for such wrongdoings.

Trust in benevolence
Trust in benevolence refers to public confidence that the leader or government is authentic (saying what it means and meaning what it says) and has good intentions or motivations when

making a decision or undertaking a particular action or policy.

Trust in benevolence increases when people believe that the policy or government action is intended to serve their interests and is motivated by genuine concern for citizen well-being, rather than personal vested interests. It gets eroded when people think that policies and decisions affecting them are made by an elite who is disconnected from ground sentiments and is unable or unwilling to empathise with or does not care enough for the less fortunate and the ordinary folk.

Trust in benevolence is one of the hardest forms of trust to gain. It is one that means a lot to the public or followers, but is often neglected by leaders. Often, the problem may not be that the leadership is insincere, but that it is not perceived as sincere because it has not paid adequate attention to the nature of its actions, engagement and communications.

See box, "Trust, Engagement, Implementation" for how all the different dimensions of trust come into play in the issues related to the TraceTogether contact tracing technology and privacy protection.

Trust, Engagement, Implementation

Public trust, public engagement and policy implementation are inter-related. Take, for example, the issues involved in the implementation of the TraceTogether contact tracing technology and privacy protection.

Public engagement should be clear on how privacy concerns are addressed. The explanation of the government's decisions should focus on the significant increase in speed and accuracy that these technologies and data collected offer in contact tracing when used to complement and supplement the human efforts and judgments of the contact tracers. The key point is this is not just a "good-to-have" add-on feature in contact tracing but a critical toolkit to save lives and livelihoods by protecting public health and preventing community transmission.

Privacy protection is more than an ideological debate. It is as much an issue of trust perception of the government's competence, integrity and benevolence.

If the government is well-coordinated across agencies; effective in its whole-of-government approach; prompt, open and transparent in its public communication; focused on individual well-being; shows humility and empathy in its public engagement efforts, then the TraceTogether adoption (usage) rate will increase substantially. This will, in turn, translate into the intended public health outcomes that benefit the people, and public trust in the leadership (competence, integrity, benevolence) will increase as people observe the government's attitudes and actions and see the outcomes.

Conversely, if the government fails to uphold trust in competence, integrity and benevolence, then people will experience various negative emotions, from anger and anxiety to disappointment and frustration. They become cynical when reacting to new policies or announcements on new technology, and the technological adoption rate will remain low. Even if made compulsory, people will find ways not to use it.

Trust is malleable

Trust is malleable, which simply means it can change. This may seem obvious, but many often fail to appreciate its implications.

Trust takes time to build, but it is easy to lose, and once lost, it is difficult to restore. The point is not to lament on the fragility of trust, but to understand what it means for trust building since trust can change.

Changes over time

The first step is to know that trust is dynamic and sensitive to the context. A trust level at any one point in time must never be taken as fixed or a given. The level of trust can change gradually or abruptly. It may increase or decrease depending on the prevailing factors that impact trust, thereby producing a pattern or change trajectory over time.

The dynamic nature of trust is why it is very difficult to predict future levels of public trust based on historical trends. For example, you could have trusted the government for the past 20 years, but if it does something now that really violates your values, you may stop trusting it.

Trust need not change gradually – it can move rapidly and abruptly, depending on changes in context. Therefore, leaders need to be careful when making decisions and policies based on trends and projections. Many leaders underestimate the overdependence on past trends. Trust levels in previous years may give the leader some relevant context and data reference. But what happens in the next year depends a lot on what the leaders do this year, and what the people perceive of their leaders.

Lived experiences

The limitation of using past trends of trust levels to predict current and future levels of trust must not be confused with the separate issue of changes in people's lived experiences over time. The pattern of these changes is critical in influencing trust levels. When citizens go to vote at the ballot box or decide on how to respond to their leaders on an issue, they do not care where Singapore stands in a global ranking of country trust levels or how their organisations fared as compared to trust in other organisations. What they care about is where their well-being stands today as compared to the past few years of their lives.

It is the lived experiences that the people go through that will determine their trust levels and their reactions, in both their attitudes and actions. So, it is intra-individual, intra-country and intra-organisational changes in trust levels, and not inter-country or inter-organisation rankings, that are more and most important for leaders to bear in mind.

Understanding, developing and maintaining trust

In order to develop and maintain trust, we have to understand the science of trust and also translate it into practice. The key issues in the science and practice of trust may be summarised in the following areas:

- Assess the dimensionality of trust (competence, integrity, benevolence).
- Understand the content and context of trust, distrust (low trust), mistrust (trusting when should not).
- Monitor trust levels and dynamics (how trust evolves and changes over time).
- Deal with "trust-in-transition" (responding to feelings of doubt and ambivalence by the trustors towards the trustee. See box, "Trust-in-Transition Cases").

Trust-In-Transition Cases

In the challenges concerning the migrant worker dormitory outbreak and TraceTogether technology, many of the issues relate to trust perceptions.

There were issues of trust in leadership competence with the rapid spike and sustained numbers of high daily confirmed Covid-19 cases in the dormitories. Questions were raised on how this could have occurred or could have been prevented or mitigated earlier.

In the use of TraceTogether technology for contact tracing, there were issues of trust (in competence, integrity, benevolence) related to the collection, storage and use of personal data. In June 2020, the Government had provided categorical assurance that the data collected by TraceTogether are used for and only for contact tracing of Covid-19. However, a ministerial response in Parliament in January 2021 said that the police is also authorised to access and use TraceTogether data for criminal investigation purposes, and had done so. This sparked a public debate and negative public perception.

The Government has since acknowledged that it made an error and passed new laws in February 2021 to restrict police access to TraceTogether data to only seven specific categories of serious crimes. Importantly, it made explicit reference to the importance of upholding public trust in leaders and its commitment to do so.

In the context of decision-making under rapid changes, uncertainty, incomplete information and new revelations, the public has legitimate queries and trust concerns. Some of these issues and concerns have been addressed. However, the extent to which the public find the explanations and safeguards satisfactory will vary across individuals, depending on how they view the Government's account.

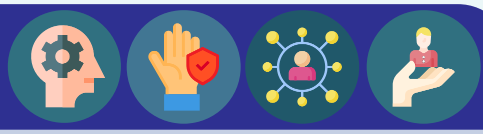
Some may be experiencing what I have called "trust-in-transition". This is a transition period in which the trustor (the individual member of the public) has feelings of doubt and ambivalence towards the trustee (the Government). It is a critical period because what occurs during this time can be highly impactful and "tilts" the trustor towards trust or distrust.

During trust-in-transition, the trustor experiences conflicting thoughts and mixed emotions. This occurs because the trustor had a previously positive perception of the trustee but is now undergoing negative experiences related to competence, integrity, benevolence or some combination of these dimensions.

Whether people move out of their transition into trust or distrust will depend on their belief in the Government's competence, integrity, and benevolence. They need to see that the Government can put citizen interests and well-being as the top priority and have the intention and sincerity to do so.

This public perception needs to be continuously earned by the Government – it does not come automatically just because it existed previously.

Strategic Approaches to Develop Trust



There are strategic approaches to address trust issues and build trust. Here are four pairs of Ps to do so:

- **Be principled and pragmatic**
  Have a set of shared values and core guiding principles, while at the same time focus on what is most or more critical in the practical situation.

- **Focus on prevention and promotion**
  Anticipate and be prepared to prevent negative outcomes from occurring while also aspire and pursue opportunities to bring about positive outcomes.

- **Have a pluralistic and paradoxical mindset**
  Take a wider range of different perspectives into account, and do not always see difficult decisions as zero-sum trade-off situations but instead consider how two seemingly contradictory goals may in fact be complementary.

- **Practise people-centricity and perspective-taking**
  Understand how people think, feel and act by appreciating people's expectations, evaluations and experiences and learn to see things from the other person's perspective.

- Repair trust violation (how trust erodes and how to prevent it; how to restore and rebuild trust).
- Develop and increase trust (efficacy of approaches to enhance trust levels).
- Create and influence trust climate (shared perceptions of trust among a group or community of individuals).

Trust does not occur or change in a vacuum – the way leaders approach issues matters a great deal. See box, "Strategic Approaches to Develop Trust" for how governments and organisations and their leaders can develop trust with their stakeholders.

Addressing public trust

Addressing public trust is critical. High trust is necessary for leaders in business, nonprofit organisations and especially government. They need to facilitate people to make good decisions, engage in positive behaviours, and work together to emerge stronger and better as individuals and as a society.

As we have seen, trust is neither random nor predetermined. Trust levels can be predicted to some extent, and they can be enhanced. We need to go beyond the trust score at any one point in time and see that trust is a process, and there could be transitions.

To understand trust, we need to appreciate its fragility and power. That means understanding the science of trust and translating it into practice to deal with trust erosion, trust repair and trust development. ■

David Chan is director of the Behavioural Sciences Institute and Professor of Psychology at the Singapore Management University, and author of the bestselling book Combating a crisis: The psychology of Singapore's response to Covid-19 *(World Scientific, 2020).*

Is Singapore in a Trust Bubble?

By **JOHN KERR,** CEO, Edelman Singapore

The swings in trust across institutions and countries across the world provide lessons for what corporations should do to engender and maintain trust.

Unlike reputation or favourability, which are both backward-looking metrics, trust is forward-looking. Trust is a measurement of the relationship forged over time between an individual and an organisation. It can be used as a predictive measure of how individuals may act.

The strength of a business' position in the market can be measured by how trusted it is. High Trust is a licence to operate while Low Trust is an indication that organisational change – or at the very least, improved communications – is required. Trust is essential to long-term success and is also a licence to lead.

Towards this end, the Edelman Trust Barometer has measured trust in business, governments, media and non-governmental organisations (NGOs) for the past 21 years.

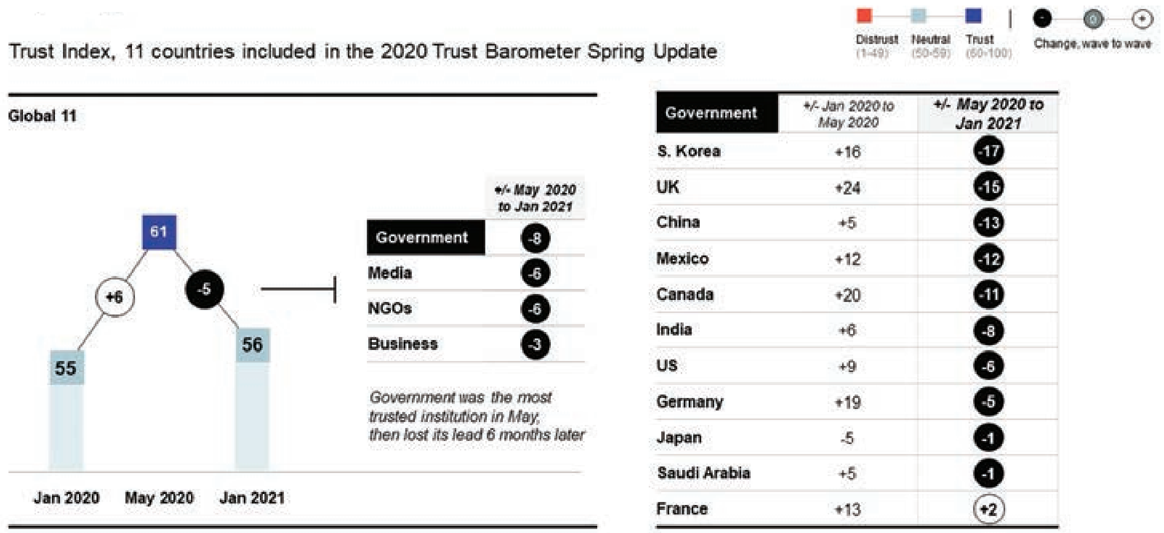
Losing trust

While long-lasting trust is forged over time, it can be lost very quickly.

The swing in trust over the second half of 2020 exemplifies this. Among the 11 countries measured in the 2020 Trust Barometer Spring Update, trust across all institutions saw a dramatic decrease – losing most of the trust gains made after the initial response to the pandemic (see box, "Spring Trust Bubble Bursts").

In the 11 countries included in the 2020 Trust Barometer Spring Update, all institutions saw a dramatic decrease in trust between May 2020 to January 2021, with Government seeing an 8-point decline.

Spring Trust Bubble Bursts



Strong trust ecosystem in Singapore

Globally, trust has declined from 2020 to 2021 but one country that stands out is Singapore. It saw trust gains in all four institutions, a testament to how well Singapore has fared in managing the pandemic (see box, "Trust in Singapore in Early 2021").

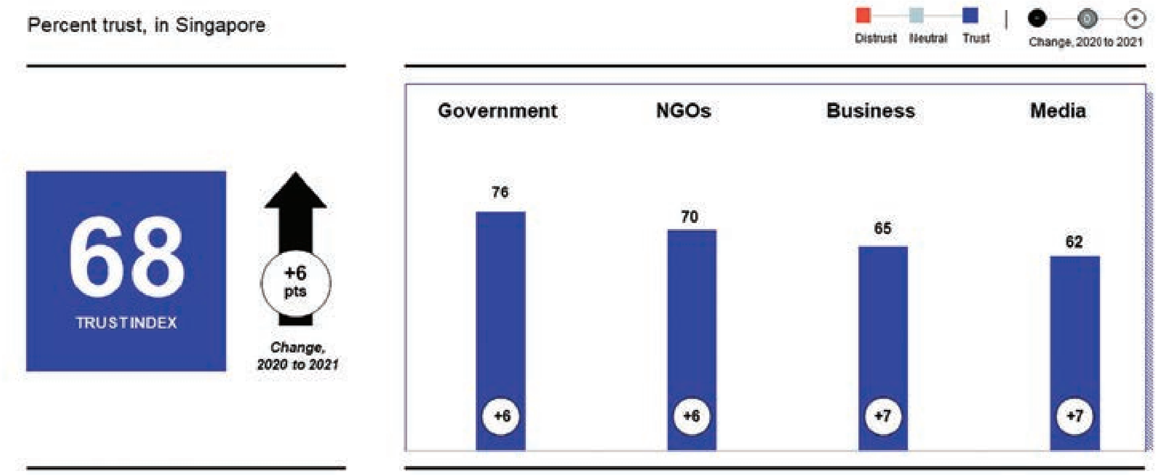
Despite the recession, Singapore's Trust Index (an average of all four institutions) reached a 10-year high of 68 points. In 2021, trust rose across all four institutions measured by the Edelman Trust Barometer.

The high trust scores over the past decade, during which Singapore's Trust Index has been in the "Trusted" range for nine of the last 10 years, are indicative of a strong trust ecosystem in Singapore.

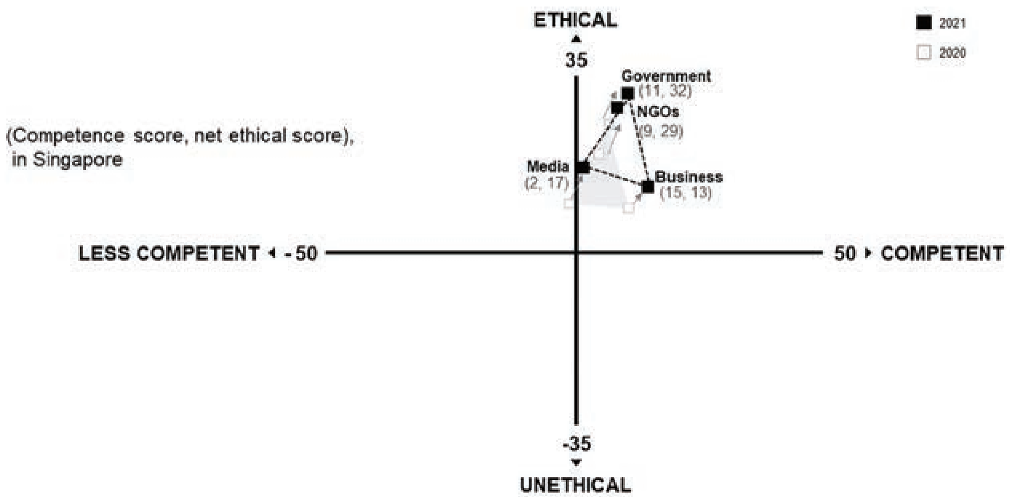
This is underpinned by how respondents rate all four institutions as both competent and ethical. They are seen as being generally good at what they do, purpose-driven, honest and fair, and having a vision for the future that aligns with respondents (see box, "Singapore Institutions: Competent and Ethical").

Government remains the most trusted institution, which can be attributed to its handling of the pandemic. At the same time, business-led community

Trust in Singapore in Early 2021



Singapore Institutions: Competent and Ethical



initiatives – such as Temasek Foundation's Stay Prepared #StayMasked initiative and the launch of the DBS Stronger Together Fund – have clearly made an impact. Trust in business to "do what is right" was tied for the biggest gain with seven points.

Wash your hands and your information

However, a big concern is a threat of "information bankruptcy" that we see in both developed and developing countries. Even in Singapore, one-in-two respondents were concerned about being misled by government and business leaders, while trust in traditional media as a trusted source of information fell by eight points. This marks the first time in the past decade that traditional media is no longer trusted.

A troubling lack of information hygiene exacerbates the decline of trust in information sources. For the first time this year, we asked respondents how regularly they engaged with the news; whether they engaged with a different point of view; whether they verified the information; and whether they avoided spreading misinformation. The results were striking: In Singapore, less than one-in-five practise good information hygiene – which requires them to do at least the three of the above-listed dimensions (see box, "Information Hygiene in Singapore"). Respondents who performed well on three or more dimensions were rated as "Good", with those performing well on two dimensions rated as "Moderate" and those only performing well on one or fewer dimensions rated as "Poor".

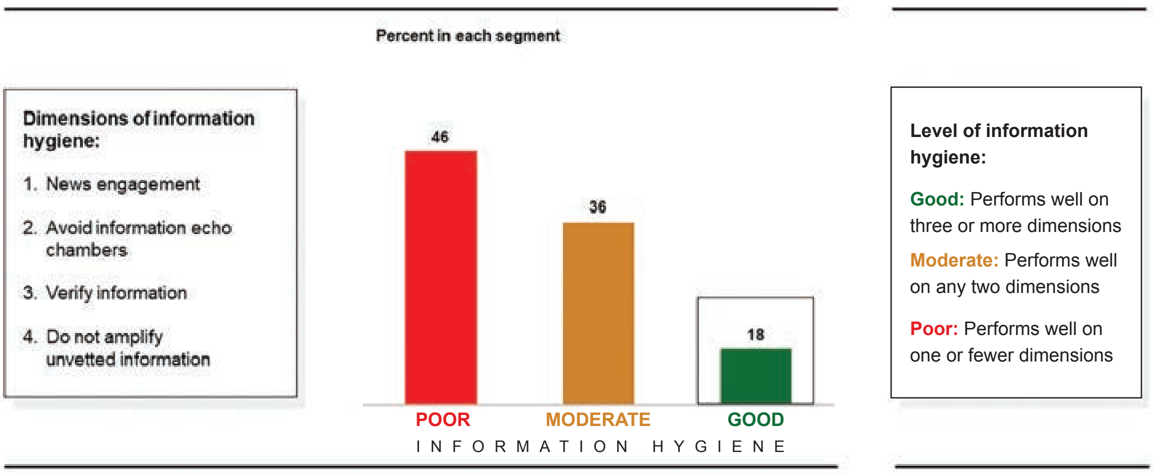
This is a big concern as 60 per cent of respondents indicated that they were willing to share or forward news items that they found to be interesting. These numbers suggest that the rapid spread of misinformation remains a major threat and that improving information hygiene is a clear area of improvement. Look no further than the spread of fake news that the Singapore Government had to debunk in the pandemic's early months.

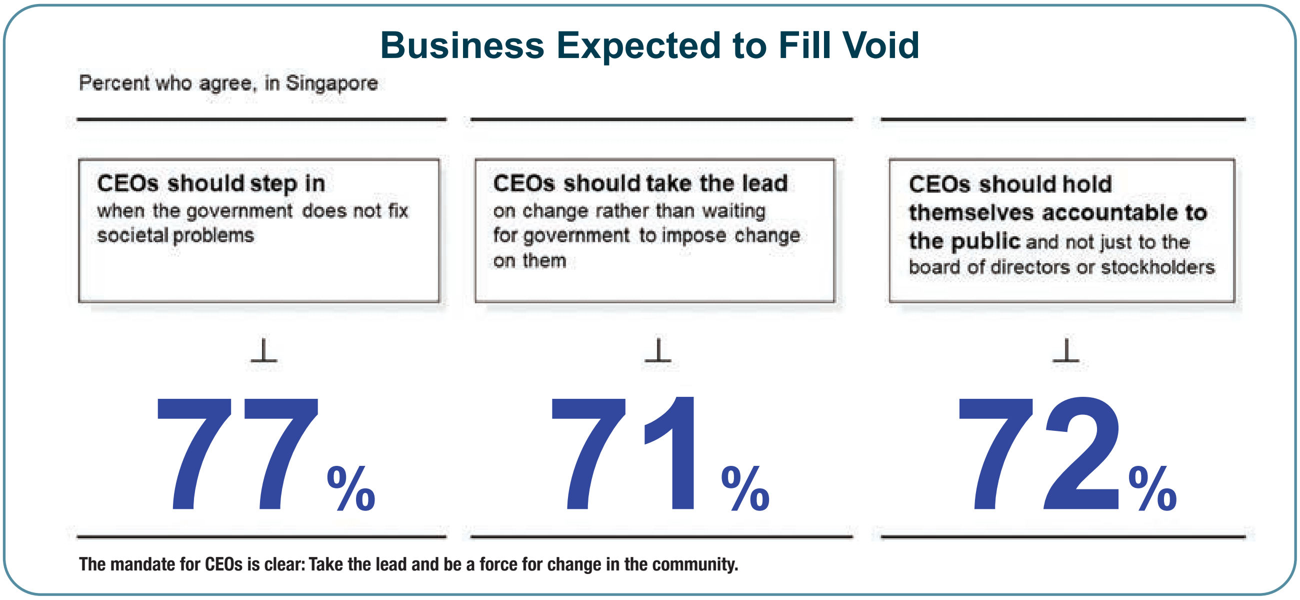
What this means for business

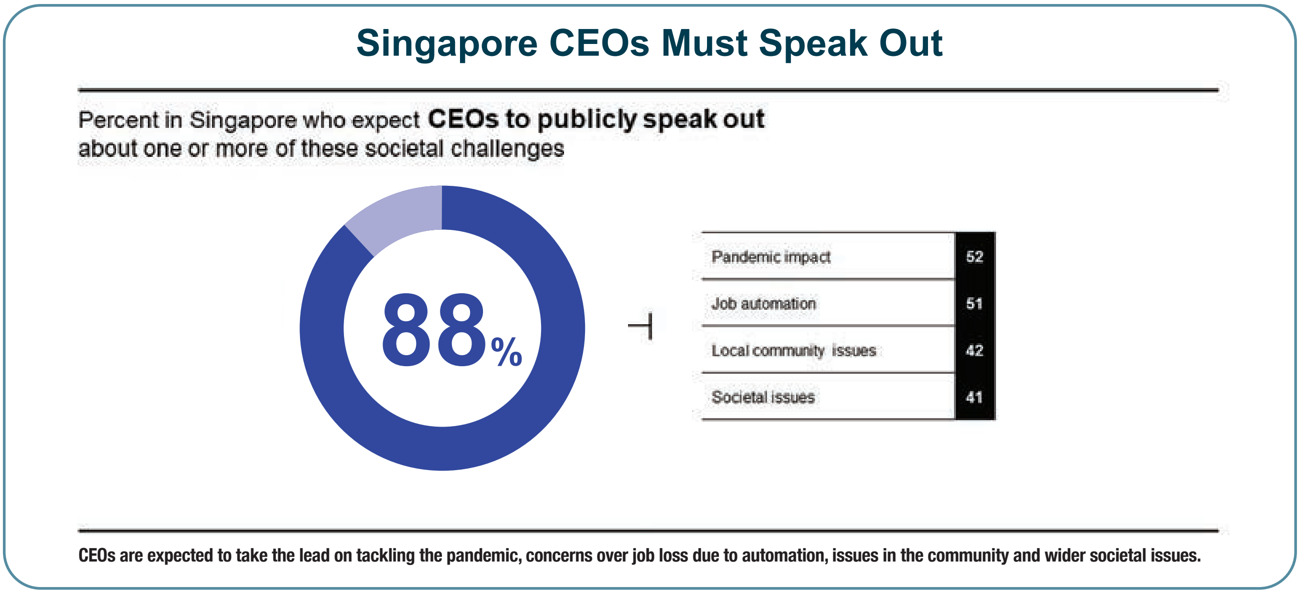
The world has changed. No longer is business just about business. Businesses are expected to be a force for change in the community (see box, "Business Expected to Fill Void").

In this regard, CEOs are expected to take charge. The general public of Singapore expects this of CEOs – to speak out publicly about societal challenges, just as others across the world are doing (see box, "Singapore CEOs Must Speak Out").

Information Hygiene in Singapore







Faced with this threat of "information bankruptcy", what can business leaders do to build and maintain trust?

First, they should take the lead on societal issues and be a force for change, tackling issues from sustainability to upskilling of employees. This involves both actions and words: Following up on commitments, acting in the community's interest, and being a voice on important issues.

Leaders should also act and communicate with compassion, placing a priority on understanding and addressing the concerns and fears of all stakeholders – and not just their shareholders.

They should take advantage of the trust that employees have placed in "My Employer" (73 per cent in Singapore) and be a credible source of information. In doing so, they would also be improving the public's information hygiene.

Finally, even as corporate leaders take the lead on change, they must also be a partner for change. A strong trust ecosystem is built on a partnership between all four institutions of Government, Business, NGOs and Media. ■

Building Trust to Thrive in Volatile Times

By **PETER HO,** Executive Director, Deloitte Consulting, Southeast Asia

Preserving stakeholder trust enables businesses to take risky decisions that will bear fruit in the long-term future. Being a high-trust organisation is a strategic asset, but building it is much harder than it looks. How can companies build trust?

In uncertain times, business leaders often have to make difficult and unpopular decisions. Without trust, the recovery strategy for organisations will be executed only in name without the heart, and talented employees are more likely to leave the organisation when a better opportunity comes up.

The Covid-19 pandemic has pushed companies to transform, at least digitally. They have done so by accelerating process automation, digitalising traditional distribution channels and modernising back-office systems. However, while technology may be the "hardware" of digital transformation, trust is the "operating system" (OS) that unlocks the full potential of such transformation.

As more information is digitised, more data is available for analytics and for building better predictive models using artificial intelligence/ machine learning (AI/ML). This virtuous cycle transforms how work is performed: from making sense of data to making sense of insights.

The future of work will be about understanding these insights and making judgements on the next best actions. For example, if I know that there is a 98 per cent chance of a thunderstorm, it will be more sensible to bring my children to the cinema instead of the beach. With this insight, an indoor activity makes a wise choice. Even so, I have to make judgement calls on what movies will appeal to my children. AI/ML narrows down the range of best options. The key objective is to satisfy the stakeholders – customers, in the business context.

In the context of the labour market, AI/ML and automation will accelerate the shifts from prescriptive task-based jobs to knowledge-based jobs. Traditional task-based jobs focus on control process to minimise errors – implicitly, a low-trust environment designed to be resilient to an inexperienced low-skill workforce.

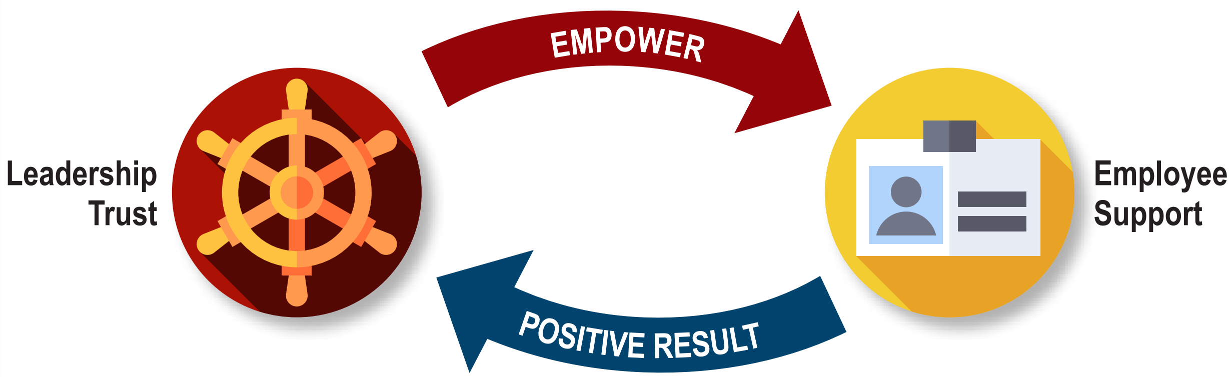
Future knowledge-based jobs will require employees to have a high level of discretion in making the right judgement calls – implicitly, a high-trust environment to encourage innovation and agility.

According to a paper published by Professor Soren Jagd of Roskilde University, the success in making this transition generates competitive advantage for companies.

Challenges

For a successful transition, a high-trust environment must be established: managers trusting their employees and empowering them to make decisions; and employees reinforcing this trust by producing positive results (see Box, "Building the Trust Framework").

Building the Trust Framework



This may seem a paradox. How would managers know if employees will use, and not misuse this power to do the right things? How can employees be made to feel psychologically safe and not fear being persecuted for making a weak judgement call?

Companies are constantly scrutinised for results. Under pressure to deliver, the tendency is to go back to what one knows best: a "Command and Control" leadership style for the managers and a "Follow the Orders" and "Cover Your Backsides" for self-preservation among subordinates. This is hardly a recipe for building a high-trust organisation.

Using the earlier analogy, many organisations have spent millions of dollars in the "hardware" of digital transformation, such as native cloud services and big data platforms. However, most of them underestimate the investment needed in the "OS", that is, building a high-trust organisation to enable the business to run. Running an old OS on new hardware will lead to compatibility issues.

To unlock the true value of the hardware platform, the OS needs to be upgraded too.

Building and maintaining trust

What exactly is trust? Trust is a measure of the quality of a relationship, which is abstract and often much harder to quantify.

Cambridge Dictionary's definition of trust is: "to believe that someone is good and honest and will not harm you, or that something is safe and reliable". The key word is "to believe". How do you make someone believe that you are honest, safe, reliable and will do no harm?

To do so, we need to understand the make-up of trust, which is set out in the "trust equation":

The Trust Equation

The components of trust-building can be summarised in the following equation:

$$\text{Trust} = \frac{\textit{Say-Do Ratio} \times \textit{Intimacy}}{\text{Self-Centredness}}$$

Adapted from David H. Maister, The Trusted Advisor (Simon & Schuster, 2001)

As we can see, there are three main components of trustworthiness: say-do ratio and intimacy, which engenders trust; and self-centredness, which reduces trust.

Say-Do Ratio

The "do what you say" or "say-do" ratio describes a person's or an organisation's consistency in delivering on big and small promises. It defines how reliable one is. Merely completing the tasks promised may not be good enough. Delivering results and exceeding unspoken expectations will inspire confidence in others.

By delivering on a task, one earns the trust of others to do more critical tasks in the future. If done consistently over time, these actions build credibility. With credibility, people may trust the person or organisation even if they have not worked with them before. Professionals like doctors and lawyers have instant credibility with their professional qualifications, and most of them sustain the trust of their patients and clients by consistently delivering positive results.

As an example, when I travel to a foreign country, I often seek to experience the local culture through street food. However, when I am unsure of the hygiene or taste of the local food, I will go for "safe" comfort food, such as McDonald's. Fortunately, it is easy to find a McDonald's in most places. McDonald's provides a consistent quality of fast food to me. I can trust that the

Big Mac and french fries will taste pretty much the same anywhere in the world. This type of consistency earns trust in business.

Intimacy

Just like getting into relationships, asking someone we like out on a date takes courage and presents a risk as our invitation may be rejected, bruising our egos. However, without taking that risk, we may never find our life partner. In the business world, building trust also requires managers to take the risk of initiating the first step: trusting that employees will do the right thing and not abuse the empowerments and freedoms granted to them.

Organisations can build intimacy by setting up focus groups to discuss failures positively. They should encourage learnings from failures so that people feel confident that honest mistakes will not be held against them. People need to feel safe to speak up on new, innovative ideas that could help squeeze out inefficiencies in the organisation.

Intimacy is also an amplifier – the longer and better we know a person, the more we tend to trust the person, usually giving that person the benefit of the doubt when mistakes are made.

For example, trust was an issue in the administration of former US President Donald Trump. Sixty out of 65 (or 92 per cent) of his advisers did not serve out their four-year term. Forty-five per cent of the positions have serial turnovers. A handful of these roles have more than four replacements in the four years of the Trump administration. The former US President had a very distinct executive style that demanded an extreme form of loyalty. Such a management style does not make most people feel safe to speak up without concerns for repercussions.

Self-Centredness

A self-centred agenda nullifies all the hard work in building trust. It creates a trust deficit.

As a consultant, I aspire to be our clients' trusted adviser. However, this aspiration can be flawed with conflicts. New clients are often wary about the advice I dispense as they know I have business targets to meet. How can I assure them that the advice I give, which may involve more services from my firm, is in their best interests?

Finding the right balance is an art and requires authenticity and integrity. Managers need to be authentic and transparent in showing the team that there is always a set of trade-offs. Managers may also need to forgo some potential short-term gains to earn trust in the long term.

For example, prior to the 2008 Global Financial Crisis, mortgage-backed securities were marketed to the masses as investment-grade instruments. However, at the same time, many banks were making hedges against the mortgage market and making lots of money in the process. Post-crisis, the banks tried hard to explain how the different parts of the bank selling the securities and betting that they could go bad are independent of each other. The perception of self-centeredness in their approach to business remained in people's minds for a long time. This resulted in a long road for the banks to rebuild trust with their customers.

Unlocking value

Hardware is a commodity. Any organisation can subscribe to the latest and best cloud services.

Software requires customisations that are unique to a business. However, it needs the right OS to run on. A high-trust organisation is the OS that unlocks the value of a organisation's digital transformation.

But building it requires leadership focus, consistency, risk-taking and authenticity. ■

Trust and Value Creation

By LOW BUEN SIN

Trust enhances the value of implicit contracts embedded in a firm's business relationships with its stakeholders. High-trust firms enjoy better financial performance and higher valuation.

Nobel laureate Kenneth Arrow stressed that "virtually every commercial transaction has within itself an element of trust, certainly any transaction conducted over a period of time." Without trust, the market would not be able to function well, and the cost of doing business would be very high.

The 2008 Global Financial Crisis (GFC) is often cited as an example of a collapse of trust. At the time, former US Secretary of Labour Robert Reich noted in *US News*, "the fundamental problem isn't lack of capital. It's lack of trust. And without trust, Wall Street might as well fold up its fancy tents."

The loss of trust during the GFC has even given birth to blockchain technology, with its main purpose to embed trust in commercial transactions.

Trust is invisible and fragile. Trust is also a vital and valuable asset for businesses. It is an expectation that a firm will perform actions that are beneficial, or at least not harmful, to its stakeholders, regardless of the ability to monitor those actions. Such an expectation takes time to earn, and it certainly cannot be forced.

A firm that is highly trusted by its stakeholders is likely to reap value from this precious asset. We will look at how this is achieved.

Explicit and implicit contracts

According to contract theory and the theory of the firm, we can view a firm as a nexus of implicit and explicit contracts between shareholders and other stakeholders. Each group of stakeholders supplies the firm with critical resources or efforts in exchange for claims outlined in explicit contracts and suggested in implicit contracts.

Take, for example, the employment contract between the firm and its employees. The explicit contract spells out the terms of employment, including job responsibilities, wages, leave entitlement, among others. At the same time, the implicit contract is an understanding between the firm and its employees, such as providing opportunities for employees to develop themselves for possible career progression, or the promise to retrain and redeploy them to new roles when their current roles no longer exist. These are often not part of any formal agreement.

When a large firm enters into a long-term contract with its supplier, it often requires the supplier to make fixed and intangible assets investments to fulfil the contractual obligation. The firm may endeavour to alleviate the supplier's concerns of the firm reneging on the agreement after the supplier has made the required investment. It can do so by establishing mutual dependency via explicit contracts such as most-favoured-supplier clauses, exclusive territories, or patent pools. However, a large proportion of contracts are still implicit, for example, the promise to be fair if market conditions change or product changes.

When a customer buys an expensive branded durable such as a car or a bag, there is an implicit contract between the firm and the customer that the firm will continue to invest and build the brand image. When we buy "xiaolongbao" from Din Tai Fung, a can of Coca-Cola, or a Big Mac from McDonald's, there is an implicit contract that we have with these firms. The implicit contract promises us a consistent quality and taste, or the "secret recipe".

Unlike explicit contracts, implicit contracts are nebulous and have little legal standing. Firms can default on their implicit commitment without legal recourse from other stakeholders. As such, the value of implicit contracts depends on other stakeholders' expectations about a firm honouring its commitments.

For firms that have a stronger reputation for keeping their commitments associated with the implicit contracts, stakeholders are likely to have stronger incentives to contribute resources and effort to the firm and accept less favourable explicit contracts than stakeholders of less trustworthy firms.

These theories suggest that the interests of shareholders and other stakeholders in a high-trust firm are in greater alignment than those of shareholders and other stakeholders in a low-trust firm. Hence, they are more likely to contribute to the firms' superior long-term financial performance.

Does it pay to invest in trust?

The theoretical argument is intuitive and logical. But does it pay for a firm to invest and build trust with its stakeholders? Is there evidence that investing in trust can lead to better financial performance and valuation for the firm?

One of the challenges in establishing a causal relationship between the trust level and the firm's financial performance is the measurement of trust.

Academia regards a firm's corporate social responsibility (CSR) activities as a good measure of the trust level that a firm has with its stakeholders.

A World Business Council for Sustainable Development report on CSR by Holme and Watts in 2000 states that: "For any company, giving a high priority to CSR is no longer seen to represent an unproductive cost or resource burden, but, increasingly, as a means of enhancing reputation and credibility among stakeholders – something on which success or even survival may depend."

In recent years, using a firm's CSR activities as a measure of the firm's trust level, several empirical studies show a causal relationship between the trust level with the firm's financial performance. See box, "Does it Pay to Invest in Trust?".

Trust and value creation

In summary, trust is a valuable and vital asset for firms. It enhances the value of implicit contracts embedded in a firm's contracts with its customers, employees, suppliers, creditors, regulators, and other stakeholders.

The stakeholders of these high-trust firms are likely to have stronger incentives to contribute resources and effort to the firm and accept less favourable explicit contracts than stakeholders of less trustworthy firms. As such, these high-trust firms will enjoy better financial performance and higher valuation.

Firms should understand that high stakeholder trust is the bedrock of business success. Such trust can be built through CSR.

As Naill Fitzgerald, CEO and co-chairman of Unilever told *The Guardian* (2003), "Corporate social responsibility is a hard-edged business decision. Not because it is nice to do or because people are forcing us to do it…, but because it is

Does it Pay to Invest in Trust?

It is a widely accepted view among practitioners that CSR generates trust, which in turn creates value.

Examining a large sample of mergers in the US, researchers set out to study whether trust creates value for the acquiring firms' shareholders (Deng, Kang and Low, "Corporate Social Responsibility and Stakeholder Value Maximization", *Journal of Financial Economics 110*, 2013).

The authors found that high-trust acquiring firms realised higher merger announcement returns and larger increases in post-merger long-term operating performance. Mergers by high-trust acquiring firms also took less time to complete and were less likely to fail than mergers by low-trust acquiring firms.

Mergers are likely to unsettle key stakeholders in a firm because they put the continuity of existing long-term relations between the firm and its stakeholders at stake and sometimes force stakeholders to renegotiate their contracts with the newly combined firm. Thus, a firm's reputation for fulfilling its implicit contracts with relevant stakeholders and maintaining continued relations with them is crucial to a merger's success.

In a McKinsey report, *Why Mergers Fail*, (*McKinsey Quarterly* 4, 2001), Bekier, Bogardus and Oldman found that key employees or customers may leave during a merger's transition period if the management team fails to effectively handle stakeholder relations.

As a result, the combined firm could suffer a reduction in firm value. To the extent when high-trust acquirers undertake mergers that benefit firm stakeholders, their mergers are likely to lead to greater stakeholder satisfaction than mergers by low-trust acquiring firms. Thus, the shareholders of high-trust firms benefit more from the mergers.

Another study (Lins, Servaes and Tamayo, "Social Capital, Trust and Firm Performance", *Journal of Finance* 72, 2017) found that during the GFC, the trust between a firm and both its stakeholders and investors pays off when the overall level of trust in firms and markets suffers a negative shock.

From a shareholder perspective, if high-trust firms are perceived as more trustworthy, investors may place a valuation premium on these firms when their overall trust in the market is low. From the perspective of employees, creditors, customers, and other stakeholders, they are more likely to help high-trust firms weather a negative shock, given that such firms displayed greater attention to fulfilling their implicit contracts with stakeholders in the past.

Their study found that high-trust firms had stock returns that were four to seven percentage points higher than low-trust firms during the financial crisis period. These high-trust firms also experienced higher profitability, growth and sales per employee relative to low-trust firms, and these firms were able to raise more debt.

good for our business.... More and more people are looking at companies and ask themselves if this is an organisation whose values they share. This is a hard-edged business issue."

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The Growing Importance of Corporate Conscience

By **SHAI GANU**

Guided by a sense of right and wrong, companies are increasingly balancing the interests of all stakeholders.

The economist Milton Friedman famously wrote that "there is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits". Covid-19 has, however, accelerated the evolution of organisations' broader value to society.

Over the past few months, companies have gone the extra mile to support employees and communities. From repurposing manufacturing lines to produce face masks, converting hotels into quarantine facilities, redeploying airline crews to support the healthcare system, to taking a stand against racial injustice – companies have stepped up to discharge their social responsibilities, which has in many cases also helped support their businesses.

Guided by a sense of right and wrong, as opposed to mere profit maximisation, companies are increasingly balancing the interests of all stakeholders – shareholders, customers, employees, supply-chain partners, environment, and broader society. What's clear is that corporate conscience is becoming more important.

In August 2019, 181 prominent CEOs signed a new "Statement on the Purpose of a Corporation" committing to lead their companies for the benefit of all stakeholders. In doing so, the Business Roundtable publicly acknowledged a shift from its long-standing policy of shareholder primacy, to an emphasis on stakeholder primacy.

This includes delivering value to customers, investing in employees, dealing fairly and ethically with suppliers, protecting the environment, supporting communities, and generating long-term value for shareholders.

For example, the global consumer goods brand Unilever's stated purpose is to "make sustainable living commonplace". The company's vision is to grow its business, while focusing on three big goals: improving the health and wellbeing of people, reducing the company's environmental impact, and enhancing the livelihood for millions.

Doing the right thing

Modern-day governance systems use regular financial reporting for management to explain company performance to shareholders. However, this may lead to increased emphasis on short-term results – and cause some companies to be over-capitalised, engage in share buy-backs, prime their dividend policies, and engage in cost-cutting exercises (such as job cuts) to manage profitability.

In the past few months, many companies have managed the current crisis differently. They have implemented furloughs and cut salaries, especially senior management compensation, rather than jobs, as a way of managing costs.

Not only is this more socially responsible, but companies have also learned the hard way that it is more expensive and time-consuming to attempt to re-hire people when market conditions improve, and to bring them up to optimal productivity levels.

A multi-year or lifetime perspective to business strategies will likely result in different investment priorities and basis for assessing performance. A growing number of companies have reconstituted their portfolios to focus on renewables and sustainably sourced ingredients. Companies such as Berkshire Hathaway monitor sustainable profits, growth in franchise value, long-term shareholder returns, capital reserves and financial stability.

Traditionally, companies have taken an inwardly-focused, standalone, and self-sustaining view to business and human capital strategy. Differentiation, and doing things your competitors are not, is seen as a source of competitive advantage.

The pandemic, however, has highlighted the necessity of strong partnerships and alliances. Successful businesses work with partners, suppliers and ancillary industries to thrive, and engender a healthy, sustainable ecosystem.

Take, for instance, the baggage handlers and airline cabin crew who were successfully redeployed to supermarket chains and hospital administration. Or the example of Aldi and McDonald's in Germany, where the grocery retailer deployed furloughed back-office employees from the fast-food chain to meet the surge in demand. The future will indeed be interconnected.

Guided by a moral compass

Today, most companies have codes of conduct that articulate their corporate values and guide employees' behaviour at work. Given the moral imperative of respecting and embracing diversity – of gender, race, age, sexual orientation, being differently-abled, etc – companies are increasingly taking a zero-tolerance stand to insensitive actions, harassment, or discrimination.

Recently, Franklin Templeton dismissed one of its employees for racially insensitive remarks caught on camera while she was walking her dog in the park. Although the incident did not occur at work, the company took prompt action as the employee's behaviour was not aligned with its corporate values. As lines between work and personal life get blurred, companies will need to review their codes of conduct, employment contracts, and data privacy and protection issues.

Companies will increasingly be judged on what they do beyond profits. Now, more than ever, tending to corporate financial health will be key, but demonstrating leadership, commitment and alignment with employees, customers, supply-chain partners, broader society and the environment will be equally important.

As Klaus Schwab, founder of the World Economic Forum, puts it: "A company is more than an economic unit generating wealth. It fulfils human and societal aspirations as part of the broader social system. Performance must be measured not only on the return to shareholders, but also on how it achieves its environmental, social and good governance objectives."

Companies can achieve this balance by doing the right thing, by having a moral code that cares deeply for all stakeholders and, indeed, by heeding their corporate conscience. ■

Shai Ganu is a council member of the Singapore Institute of Directors.

Boardroom Matters is a regular column by SID in The Business Times *and its online financial portal* BTInvest*, where this article was first published in August 2020.*

Trusting in the Independence of Independent Directors

By MAK YUEN TEEN

How do investors trust that independent directors are truly independent? This matter has been a contentious one with many proposed solutions. It will get more play in the coming year with the pending implementation of the nine-year rule in 2022.

The concept of independent directors was formally introduced to corporate Singapore in the first Code of Corporate Governance in April 2001, which was largely modelled on the then 1998 UK Combined Code. It is important to note that the Code is on a "comply or explain" basis, unlike the Listing Rules, which is mandatory for SGX-listed companies.

Since 2011, each revision to the Code has seen some adjustments to the criteria for determining director independence. In the most recent update in 2018, the guidance on the proportion of independent directors increased from one-third in 2011 to a majority where the Chairman is not independent. In addition, from 1 January 2022, the SGX Listing Rules mandates all companies to have at least one-third independent directors.

The last review of the Code also saw employment and family relationships used to determine independence moved to the listing rules, making them binding. Those relating to business and shareholding relationships are now in the practice guidance and no longer subject to "comply or explain". However, the disclosure of such relationships is still expected under the Code.

Nine-year rule

A nine-year term limit for independent directors has also been incorporated into the listing rules starting from 1 January 2022. Those serving more than nine years have to be approved by a two-tier vote to continue as independent directors. Some companies have already started implementing this two-tier voting.

On the surface, progress has been made in strengthening the criteria for determining independence and increasing the proportion of independent directors. However, questions about the true independence of independent directors and their conduct continue to surface regularly.

Trust in independent directors remains a concern.

Perhaps the most important reason why investors do not perceive many independent directors to be truly independent is that they are appointed by the controlling shareholders – even though they are supposed to be independent of these shareholders.

Companies often pay scant attention to perceptions when appointing independent directors, which contributes to scepticism about their true independence (See Box, "Director Independence – Who Decides?").

Director Independence – Who Decides?

In January 2021, Blackrock (the world's largest asset manager) and Norges Bank Investment Management (fund manager for the world's largest sovereign wealth fund) voted against the re-election of all six directors at the annual general meeting of Top Glove. The company has a primary listing in Malaysia and a secondary listing in Singapore.

Blackrock attacked the company's handling of the coronavirus outbreak: "Given Top Glove's role as a leading personal protective equipment manufacturer, we view the board's ineffectiveness in Covid-19 mitigation and inadequate oversight of worker health and safety issues as especially egregious with potentially serious implications for its reputation as a supplier of such equipment to hospitals around the world."

What is less well-known is that in 2015 and 2019, two independent directors retired after serving more than 14 and 18 years, then aged 87 and 90 years old, respectively. In both cases, their daughters, who have entirely different backgrounds from their fathers, replaced them.

Top Glove may well claim enhanced diversity and the two new directors may well be truly independent – but they are unlikely to be perceived to be so, and there will be questions about the board's effectiveness.

Nevertheless, all six directors were re-elected at Top Glove's 2021 AGM.

Another company, City Developments Limited (CDL), has been in the news when three directors (including two independent directors) resigned between October 2020 and January 2021 due to differences with the controlling shareholder and management over the company's investment in Sincere Property. At the same time, CDL brought in five new independent directors.

CDL currently has two independent directors who were ex-KPMG partners. One of the independent directors who recently resigned was also an ex-KPMG partner. KPMG is the long-time auditor of the company. While this may not affect the actual independence of the independent directors or the auditor, there are perception issues and questions about how the independent directors are recruited.

Further, the determination of independence is still mostly based on complying with the strict letter of the rules and "comply or explain". It remains a matter for the nominating committee and the board (with the exception of those criteria that are now in the listing rules).

Global comparisons

Other countries also grapple with how to better ensure that independent directors are truly independent. Many have implemented measures that better empower minority shareholders to appoint independent directors or have more robust criteria or approaches for determining independence.

Using data from the *OECD Corporate Governance Factbook 2019*, supplemented by external sources, my research compared 51 jurisdictions, including Singapore, in three areas:

1. Availability of cumulative voting for directors.
2. Minority shareholders' approval for the appointment of independent directors.
3. Prescriptiveness of the criteria used for determining independence.

The box, "Appointment of Independent Directors and Determination of Independence", shows the

Appointment of Independent Directors and Determination of Independence

Jurisdiction	Cumulative Voting	Separate Minority or Two-Tier Voting for IDs	Criteria for Determining Independence
Australia	-	-	Comply or explain
Canada	Allowed	-	Securities regulation (principle-based with prescriptive tests)
United Kingdom	-	Premium listed companies with controlling shareholders must ensure constitution provides for the election of independent directors separately by shareholders as a whole and independent shareholders	Comply or explain
United States	Allowed	-	Stock exchange rule (principle-based with prescriptive tests)
China	Required if one shareholder and person acting in concert have more than 30% of the voting shares	-	Securities regulator's guidelines
Hong Kong, China	-	-	Stock exchange rule (director to confirm independence to exchange)
India	Allowed	Two-tier voting for independent directors being considered	Company law
Indonesia	-	-	Financial services authority regulation (for independent commissioners)
Japan	Allowed but limited	-	Comply or explain
South Korea	Allowed but limited	-	Commercial Code
Malaysia	-	-	Stock exchange rule (director to confirm independence to exchange)
Philippines	Mandatory	-	Securities regulation
Singapore	-	-	Stock exchange rule (limited) and Code
Taiwan	Mandatory	-	Securities regulation
Thailand	Prescribed but can opt-out and is rare	-	Securities regulation and stock exchange rule
Vietnam	Allowed	-	Enterprise law

Source: Partly based on the OECD Corporate Governance Factbook 2019.

findings for 16 of the 51 jurisdictions covered (four developed Western jurisdictions and 12 Asian ones).

Cumulative voting

Of the 51 jurisdictions, 30 (including Canada, the US, China, India, Japan, South Korea, the Philippines, Taiwan, Thailand and Vietnam) either allow or require cumulative voting for directors.

Investopedia defines cumulative voting as follows: "Typically, each shareholder is entitled to one vote per share multiplied by the number of directors to be elected. This is a process sometimes known as proportional voting. Cumulative voting is advantageous for individual investors because they can apply all of their votes to one candidate."

In other words, cumulative voting makes it easier for minority shareholders to come together and appoint a director of their choice. While cumulative voting remains rare in the many countries that allow it, it is prohibited in Singapore.

Minority shareholders' approval

Minority shareholders' approval for the appointment of independent directors is rarer.

Eight out of the 51 jurisdictions have separate minority shareholders' vote or two-tier voting for independent directors. These are Brazil, Chile, Israel, Italy, Portugal, Spain, Turkey and the UK.

In the UK, two-tier voting applies to premium-listed companies with controlling shareholders. Companies that do not pass the two-tier vote have to convene another EGM where single-tier voting applies.

India is considering introducing two-tier voting for independent directors.

Prescriptive criteria

In assessing how prescriptive the criteria for determining independence are, we can look at whether the independence criteria are included primarily in company law, securities regulation, legally binding code, listing rules, or a "comply or explain" code of corporate governance – or their equivalents.

Twenty-four jurisdictions take a prescriptive approach by setting out criteria for determining independence primarily through company law, securities regulation, a legally binding Code, listing rules, or other prescriptive rules. The others rely primarily on a "comply or explain" approach for determining independence based on a corporate governance code or do not provide any detailed guidance.

Singapore adopts a hybrid approach, whereby certain criteria are now included in the stock exchange rules, but most are in the Practice Guidance of the revised Code of Corporate Governance.

Singapore's approach to determining independence is broadly similar to Australia and the UK, and is less prescriptive compared to Canada and the US and most other Asian markets. In Canada and the US, securities regulation or listing rules provide for a principle-based approach, together with a comprehensive list of independence criteria. A director cannot be considered independent if caught by any of the criteria listed and these criteria are comparable to those used in Singapore.

In the Asian jurisdictions covered, independence criteria are usually set out in mandatory rules, such as company law, securities regulations or listing rules. For instance, in Hong Kong and Malaysia, detailed criteria for independence are in the listing rules.
In addition, independent directors have to

confirm their independence to the stock exchange under these criteria.

The listing rules in Hong Kong specifically state that the exchange may question a director's independence if any of the specified relationships exist. In Singapore, independent directors are not required to confirm their independence to the stock exchange.

There are other practices around the world that enhance the independence of independent directors. For example, while Sweden does not have prescriptive criteria for determining independence, it has a system of external nomination committees tasked with the nomination of directors and assessing their independence. At least one committee member has to be independent of the largest shareholder. Existing directors must constitute only a minority of members, and no more than one current director representing a major shareholder can be on the committee.

This makes the nomination process more arms-length than the prevalent system where a nominating committee made up of existing directors nominates directors and assesses their independence – in effect a self-selection and self-review process.

Taking the three factors together, Singapore is among a small minority of countries where minority shareholders have little say in directors' appointment and follows a mostly non-prescriptive approach for determining director independence.

Building trust

Director independence can also be affected by whether there is robust regulatory and civil enforcement against directors for breaches of duties. In this regard, Singapore fares relatively poorly compared to some other markets.

In contrast, regulators in Australia do pursue criminal and civil penalty actions against directors, including independent directors, for breaches of duties. In Hong Kong, independent directors commonly face sanctions such as public reprimands, including for breaches of duties, since director duties are part of the listing rules. There, the Securities and Futures Commission has also pursued actions against entire boards for failing to exercise reasonable diligence, such as failure to do proper due diligence for acquisitions. In Malaysia, independent directors regularly face reprimands and fines for failure to comply with listing rules.

Building trust in independent directors requires more than a periodic tweaking in the criteria for determining independence or increasing the proportion of independent directors – which is what Singapore has been doing over the last 20 years.

Having independent directors who are effectively appointed by major shareholders, who then opine that the directors are independent of management and the major shareholders who appointed them, is circular logic. It simply cannot lead to trust that there is true independence of independent directors.

Future reforms should focus on giving minority shareholders greater say in the appointment of independent directors, making the criteria for determining independence more prescriptive and the process more robust, and stronger enforcement.

It is better to have fewer independent directors on the board that minority investors can trust than having many independent directors whose true independence is questionable. ■

Mak Yuen Teen is Associate Professor of Accounting at the NUS Business School, where he specialises in corporate governance.

Dear Mr Sid

Re: Joining a Controversial Board

I don't know whether to feel excited, grateful, or very afraid. A university classmate, now the CEO and executive director of a substantial listed company in energy, has asked me to join her board.

I know and love the energy industry. I am an engineer by background. I am also a huge advocate of renewable energy, which she said the company is pivoting towards. My profile on boards and within the industry is pretty good (even if I do say so myself), so I can certainly understand why she reached out to me.

And the timing works out well. I am stepping down from two other listed boards within the next few months and will have time to devote to this.

The thing is this: three of the independent directors (two of whom have been on the board for more than 12 years) have just resigned. They did so quite publicly, too, citing differences of opinion with the executive chairman on his business direction and investment decisions. I will replace one of them. Two other candidates are being approached.

I asked the CEO what happened. She explained the fundamental disagreements on a legacy coal mine in Australia and a recent windmills investment in China. Both are going downhill, dragging down the company's financials. Further, the company is on the hook for support guarantees it made on the recent acquisition.

I think the situation is salvageable if we apply the board's collective expertise to the situation calmly and objectively. The good news is that, according to the CEO, the chairman (also her elder brother), who has a reputation for being domineering, is now open to implementing a majority board decision to divest or further invest. They are hiring consultants to review and recommend the way forward.

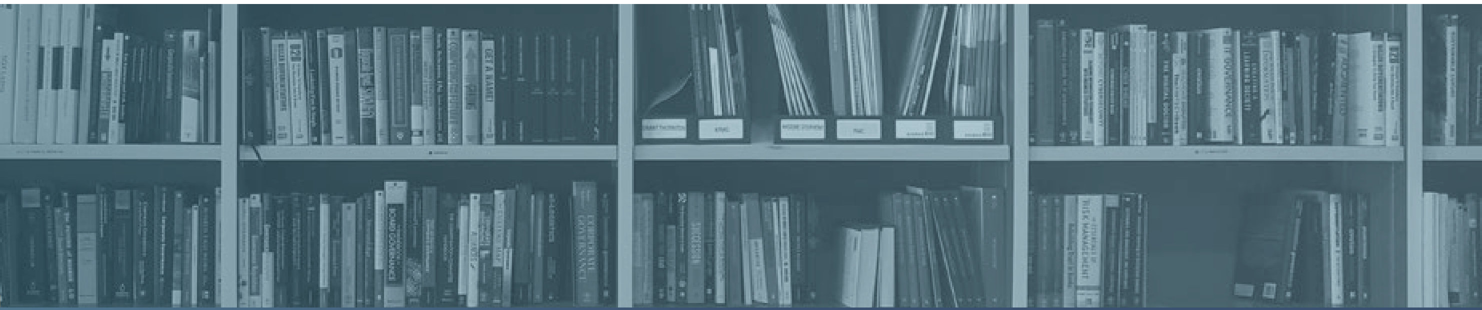
She wants me to play a leading role in the restructuring strategy. I suppose, with all due modesty, they believe that I will bring some credibility, gravitas and independence to the process.

But I worry about my fiduciary duties and personal legal liability if the investments continue to bleed despite our best efforts. Now that this issue is out in the mainstream media, we will likely be under greater scrutiny.

So, Mr Sid, is this a good opportunity, or not, for me to join this board?

Yours sincerely,

To-Join-or-Not-To-Join



Dear To-Join-or-Not-To-Join

I can see your dilemma.

You have an opportunity to join a substantive listed board, in an industry that you understand, enjoy, and can contribute significantly to. Moreover, the timing suits you well as you would be moving from one listed board to another.

The offer reflects your good standing and experience.

On the other hand, this is not a regular board transition. You are among three joining to replace directors who have left with negative views of the board and its two investments. Yet, there might not have been board vacancies without that situation, as even the long-serving directors would have likely stayed. And if matters work out, your standing could be further enhanced.

Liability

But your concern is that the two investments may not pan out, and you have to bear legal liability for them. I would not be overly concerned about this.

Since the two investments were made before your tenure on the board, you can only be held responsible for what to do about the investments after you join the board, and there will not be any liability on your part for the initial decisions to invest.

To be sure, you have fiduciary duties, ranging from acting in the company's best interest to not being negligent, and avoiding conflict of interests. And, as you are aware, you are exposed to criminal and civil penalties for breach of director duties.

You should also be assured that the courts do not generally hold directors to account for poor business judgements. It is par for the course for boards to make business decisions that could turn out well or badly – with hindsight.

Of course, the caveat is that a director's decisions must be made in good faith and with due care, skill and diligence. The law requires that the standard of due care and diligence be that of a reasonable director in the same position, while the standard of skill is what the director already has.

Therefore, as long as you take your director duties seriously and act honestly, you should not be too concerned with legal liability for poor outcomes of the two (or other) investments. That said, it is always wise to ensure that the company provides you with the necessary director and officer (D&O) insurance and indemnity in the discharge of your director duties.

However, there is one liability that you should be concerned with – reputational damage. An association with a board with poor governance or catastrophic business decisions could impact the incumbent directors' standing and stature, and the likelihood of future board positions. It may be for that reason that the departing directors have so publicly aired their disagreement with the investment decisions. You should assess the extent to which you might face a similar situation and how you can avoid it if you join the board.

Truly independent director

The fundamental question is: Will you, and can you, be a truly independent director? That is a question that investors and the public will be asking, given that the current situation is in the public eye. More importantly, that is a question that you should ask yourself in coming to a decision on whether to join the board.

In answering this question, you need to determine what the board dynamics will likely be. In this regard, you should engage with the following:

- The board chairman
- The CEO
- The other directors on the board
- The incoming directors

The board chairman

The most crucial person in this equation is the chairman. You said that he is known to be domineering, and the departing directors have pointed to him as the reason for leaving the board.

If you have not met him, you certainly should. In your discussions with him, you should assess how aligned he is with the CEO's representations of future board interactions and the two investments, specifically:

- How supportive would he be of constructive contention and differing points of views on the board?
- Whether he would go with the majority board's view on the two investments, even if they end up being different from his initial direction and preference?

The CEO

Your main interactions have been with the CEO. She is critical to the day-to-day running of the company. She is instrumental for its success. You should determine whether she will be able to deliver on what she said she would set out to do, and to do it well.

And since the board chairman is also her brother, it would be useful if you resolved the question of whether her priority in board decision-making is to be a good sibling or a good CEO.

Existing board directors

You have not mentioned the other directors of the existing board. You should meet with each separately to get a feel for their current thinking on the two investments, and how they function and interact in the boardroom.

It would also be useful to connect with the three directors who have resigned, for a more complete picture of the business issues and board dynamics. As a matter of courtesy, you should inform the CEO of this intent. She and the chairman should value such a desire as indicative of your diligence and independence.

New directors

The new directors joining are most likely going to be your allies in ensuring a balanced and constructive board. Therefore, it would be useful for you to meet them to ensure that you all understand each other's perspectives, interests and values.

Depending on what stage of the director search process they are in, it may not be practical for you to meet the new directors before you make your decision. If you are unable to meet them before you decide, you can offer to meet them after you have, so that they can know who they could be working with.

Making the call

Ultimately, whether joining this board is a good opportunity or a poisoned chalice is a call you have to make.

On the basis that you consider the two investments to be tenable, subject to some clear thinking with cool heads, it is now a matter of whether you believe that you can function effectively as an independent director under the circumstances.

Yours sincerely

Sid

Mr Sid ■

Who is Mr Sid?

Mr Sid is a meek, mild-mannered geek who resides in the deep recesses of the reference archives of the Singapore Institute of Directors.

Burrowed among his favourite *Corporate Governance Guides for Boards in Singapore*, he relishes answering members' questions on corporate governance and directorship matters. But when the questions are too difficult, he transforms into Super SID, and flies out to his super network of boardroom *kakis* to find the answers.

Mr Sid's References (for this question)

Board Guide
Section 5.2: General Duties of Directors
Section 5.11: The Independent Director
Section 5.17: Director Liabilities
Section 6.2: Board Dynamics
Section 6.5: The CEO

Boardroom Matters
Vol 1, Chapter 16: "To Be or Not To Be – An Independent Director?" by Mike Gray
Vol 1, Chapter 24: "Should Failing to Act Diligently be a Crime To Be or Not To Be – An Independent Director?" by Adrian Chan
Vol 3, Chapter 4: "Will the Truly Independent Director Please Stand Up?" by Willie Cheng
November 2018: "Can Directors Who Procure a Company's Breach be Liable" by Lee Kim Shin
June 2019: "Preparing for an Independent Director-Led Board" by Victor C S Yeo

SID Directors Bulletin
2021 Q2: "Trusting in the Independence of Independent Directors" by Mak Yuen Teen

SID Courses
Listed Entity Director Module 1 – LED Essentials
Listed Entity Director Module 2 – Board Dynamics

Standards Build Trust in Singapore Products and Services

By **CHOY SAUW KOOK,** Director-General (Quality & Excellence), Enterprise Singapore

Covid-19 has thrown the spotlight on the importance of a strong quality and standards infrastructure to ensure human safety and continued trade, especially in essential supply chains. For businesses to remain resilient, leaders need to invest in building trust. This can be done by leveraging standards as a key value proposition that companies can bring to their customers and partners.

Trust is a precious commodity. In today's volatile global landscape, many leaders know that to stand out from the competition, they will have to build or rebuild trust among their networks and customers.

The concept of trust has evolved alongside changing societal expectations and technological innovation. More consumers want certainty that the products they purchase are sourced responsibly and sustainably. Data security has also become more important with the focus on digitalisation.

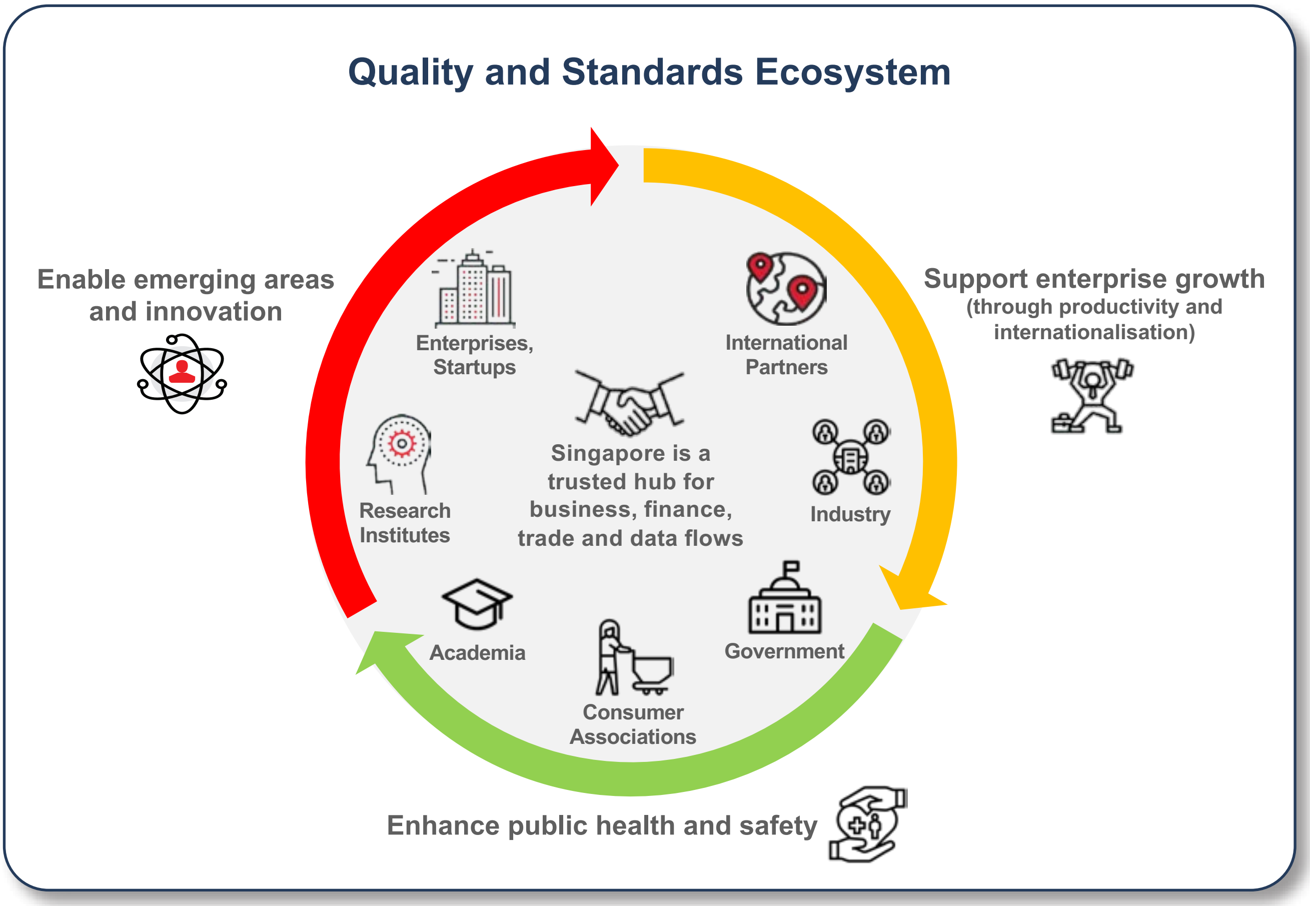
To demonstrate transparency in business practices, resilience in supply chains and product safety, many businesses have adopted globally recognised standards and benchmarks. They join an ecosystem that will sustain their enterprise growth (see box, "Quality and Standards Ecosystem").

Importance of standards in building trust

Standards have grown to be important in building trust for companies, especially in these pandemic times.

In the area of medical supplies and personal protective equipment, for instance, standards ensure that these products adhere to stringent benchmarks. International standards have proven critical in mitigating disruptions to global supply chains.

Guidelines set out in the standards allow businesses to address and mitigate the risks across supply chains, thus keeping businesses resilient. An example is the International Organization for Standardization's (ISO) 22301 on business continuity management systems, which contains requirements to help organisations implement, maintain and improve their business continuity plans.



The emphasis on resilience and transparency will continue into 2021 and beyond. For example, there is a strong push for standards to be adopted in healthcare and pharmaceuticals across supply chains to assure the integrity of temperature-sensitive medicines from the source to the point of delivery. Large logistics companies are looking to incorporate cold chain management standards into their business models and require the same of their vendors and partners.

Growing businesses sustainably will also be another important area.

The pandemic has highlighted the need to find alternative raw materials and resources to support business continuity and growth. There is a strong business case to plan for a "green recovery" and consider green infrastructure, electrification of vehicles and renewable energies as viable options to traditional finite resources.

There are existing and new standards and conformity assessments that companies can leverage to adjust towards a green business model. Adopting these standards and quality practices assures regulators and consumers alike of the companies' commitment to delivering quality and safety.

For example, local fish farm Barramundi Asia exports its fish worldwide by adopting the internationally-recognised Best Aquaculture Practices standard. This standard covers the entire production chain, including processing plants, hatcheries and feed mills. It provides a mark of trust and quality, assuring partners and consumers of the company's sustainable and responsible farming practices, and supply chain traceability.

This has helped Barramundi Asia to meet stringent food safety standards and guidelines set by different markets like Australia, China, South Korea, Malaysia and Thailand.

Hauling in the catch at Barramundi Asia.

The global marketplace

Singapore has built up its quality and standards infrastructure over the past 50 years. Multinationals and international research institutes recognise our standards and factor this into why they invest in Singapore. Local companies should play to the advantage of Singapore's cultivated reputation for trust and quality.

For example, in advanced manufacturing, there has been remarkable progress in standards development to support Singapore's aim to become a regional leader in the field of robotics and 3D printing. Established standards have enabled stakeholders in the advanced manufacturing sector to adopt best practices and meet the requirements and expectations of overseas markets.

The Singapore Standards Council has developed a standards toolkit, that can guide companies on the adoption of standards as they adopt Industry 4.0 solutions. See box, "A Smart Factory Built on Standards" for an example of how companies can be guided on their Industry 4.0 journeys.

Local manufacturing software company Arcstone leverages an international standard on connectivity, IEC 62541 (commonly known as Open Platform Communication – Unified Architecture), to enable seamless communication between different equipment, machinery and systems.

The standard was developed in close cooperation with manufacturers, users and research institutes, and is supported by many global Industry 4.0 solution providers such as Beckhoff Automation, Microsoft, Samsung and Siemens.

With this standard, local solution providers such as Arcstone can help manufacturing companies add new equipment and scale their operations with fewer integration challenges. Today, Arcstone has operations in various countries, including India, Indonesia and Vietnam.

International standards development

Singapore is an active contributor to the community writing international standards, given the importance of standards to the global trade. Among the Singapore Standards that have become ISO standards, benchmarks for water efficiency management, business continuity and bunkering stand out.

Today, there are 2,000 stakeholders involved in the development of local and international standards in Singapore. A working group for one standard development would typically comprise between 10 and 20 members from industry, government, academia and business owners. Their domain knowledge and keen understanding of the operating context of the industry ensure that standards are developed to be fit for use and benefit businesses.

At the ISO, local industry stakeholders in additive manufacturing share their expertise on health and safety guidelines for additive manufacturing operations, for example. In fintech, Singapore representatives hold convenor positions in the development of ISO standards for digital token identifiers and biometrics identification, respectively.

Currently, Singapore is involved in around 250 ISO and International Electrotechnical Commission (IEC) technical committees as

A Smart Factory Built on Standards

Source: http://standardsi40.sg

a Participating Member or Observing Member. These technical committees cover a range of sectors, from traditional sectors such as biomedical and health, food and manufacturing, to emerging sectors such as cyber security, artificial intelligence and robotics, circular economy, sustainable finance and industrial water reuse.

The Singapore Standards Council, overseen by Enterprise Singapore, represents Singapore at the ISO and IEC. The Council welcomes companies to participate in standards development.

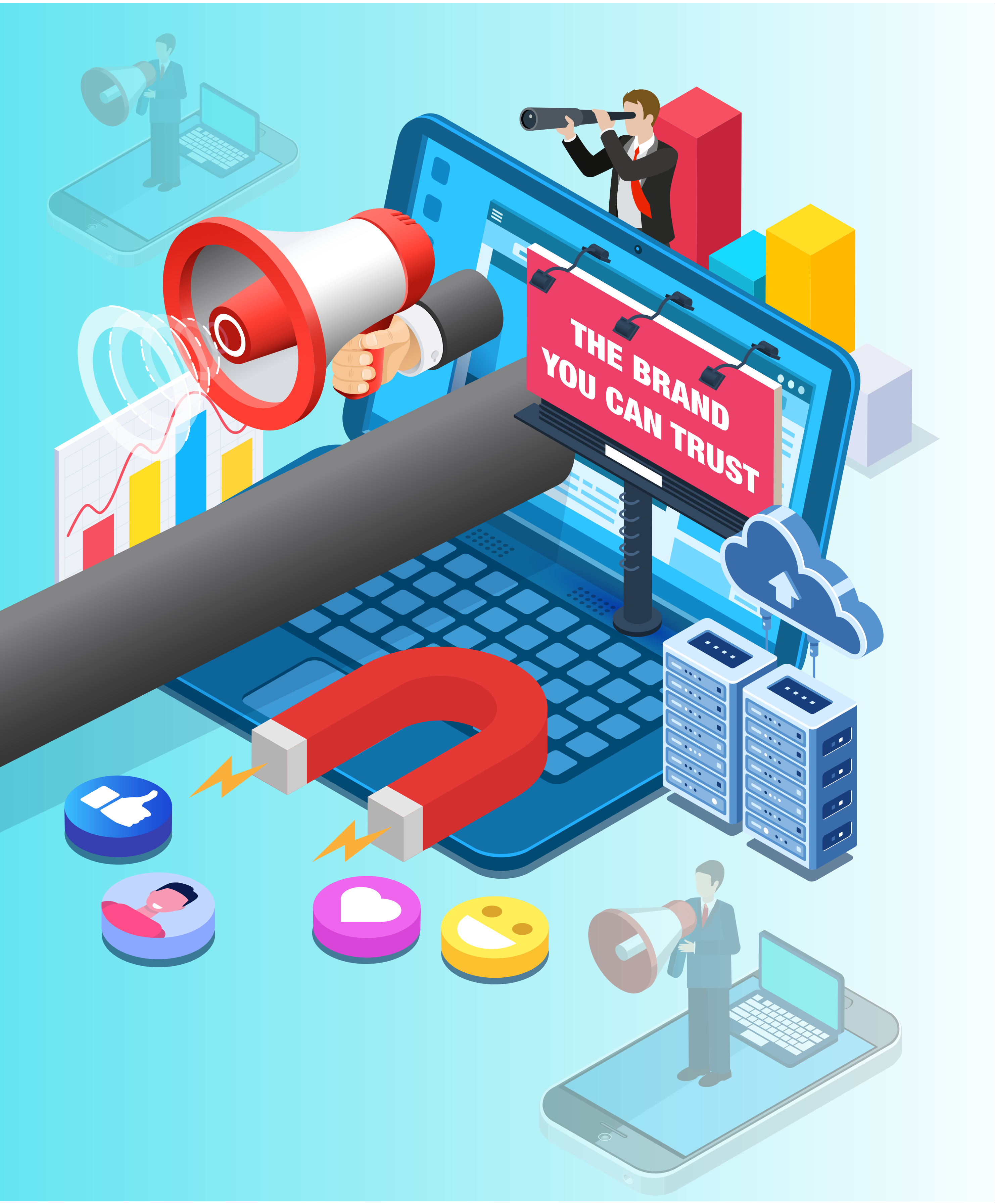
In emerging areas – such as sustainability and digitalisation – where Singapore leads in certain domains, industry stakeholders can provide invaluable inputs that will ensure standards stay relevant and useful. Participants can support innovation and enhance business proposition and consumers' trust and confidence. By writing the rules for emerging trends, they contribute to enabling future technologies and processes. ■

Companies interested to adopt standards or get involved in the national standardisation programme can find out more at www.enterprisesg.gov.sg.

Building Brand Trust in a Trust-less World

By **HOWIE LAU,** SID Council Member

Brands face a fundamental reordering of priorities amid a global pandemic and societal outcry over perceived widening inequalities caused by the economic downturn. In this environment, consumers are looking to brands to act and advocate for change.


THE BRAND
YOU CAN TRUST

A diverse group of industry experts from the marketing world in Singapore came together to discuss and share their thoughts on the role of building trust in the corporate world. This article represents their collective views and thoughts on this topic.

Today's consumers have increasingly more options to choose from as the world becomes hyper-connected. In the business-to-commerce world, we are now pampered with opportunities to purchase online from different platforms which will ship from different parts of the world. It is similarly easy to explore new supply sources in the business-to-business world which may not be domiciled or based in Singapore.

A strong brand trust with loyalty, support and goodwill is key for business, especially during turbulent times.

Challenges, complexities and complications

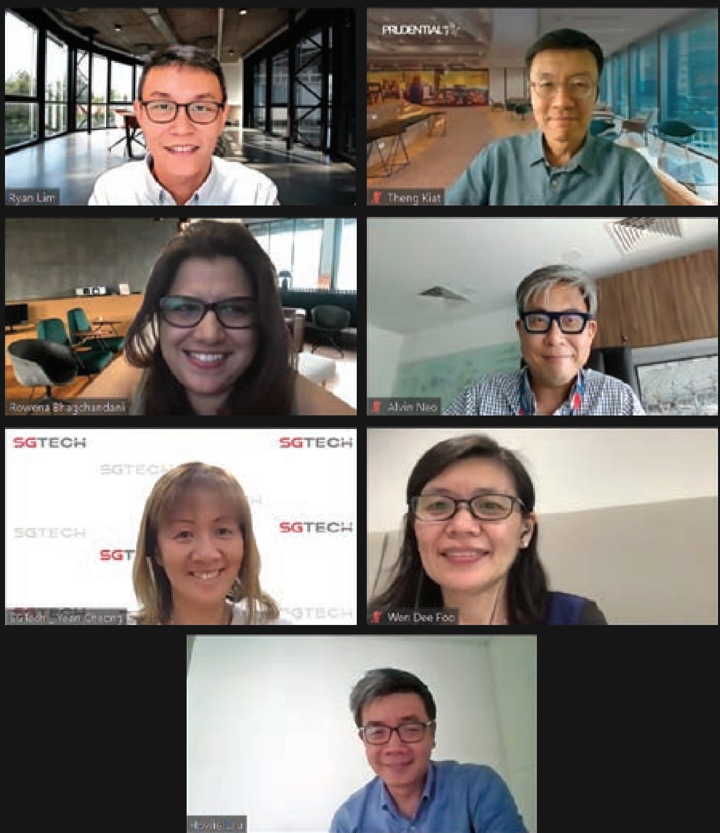
Trust is a value exchange between the consumer and the brand. Fundamentally, trust is a battle of perception, not a battle of facts. Implicit in this is the need to manage through different lenses and perspectives of the end consumer.

Managing perception has become more challenging due to increasing fragmentation of platforms and channels which are immersed with a higher velocity of change. Nudging behaviour has become increasingly difficult with changing consumer behavioural dynamics and expectations.

Greater fragmentation

Life was much simpler in the past when there were a few trusted platforms to reach out to customers, such as the national daily newspaper

Panel Members



Ryan Lim
Founding Partner, QED; Former board member, IMDA.

Goh Theng Kiat
Chief Customer Officer, Prudential; Former Chief Marketing Officer, OCBC.

Rowena Bhagchandani
CEO and Co-founder of Block J; Former Group Managing Director, DDB group.

Alvin Neo
Chief Customer and Marketing Officer, NTUC; Former Global Marketing Director, Johnson & Johnson and Procter & Gamble.

Yean Cheong
Executive Director, SGTech; Launched Brand Safety Summit Asia series and Former Head of Cadreon APAC, IPG Mediabrands.

Foo Wen Dee
Director, Communications and Marketing, IMDA; Former Public Affairs Director, Abbott.

Howie Lau (moderator)
Former StarHub Chief Marketing Officer and former Lenovo Chief Marketing Officer for Asia Pacific/Latin America.

and free-to-air television broadcasts. A brand could purchase suitable advertising spots to deliver its brand promise. Actual customer experience with the product, both positive and negative, was restricted to word-of-mouth.

Fast forward to today, where there is a proliferation of channels with increased fragmentation and information overload. Consumers have a bewildering choice of platforms ranging from news, social media, entertainment and many others. These platforms change and evolve very quickly much like the multi-headed Hydra, a serpent from Greek mythology.

As an indicator, research shows there are more than 80 applications installed on an average smartphone, with the average consumer using nine of those mobile applications per day, or over 30 applications per month.

There are also more content generators with the rise of the influencer sector. Influencers and key opinion leaders play an increasingly key role in shaping customer perception. Their opinions are viewed as potentially less biased than direct messages from the brand. Armed with a social media account, every customer has a voice and can publish and amplify their opinions of their experiences with the brand.

Fast and faster

Most companies go through a cycle of Build-Monitor-Adjust for their brand. Building brand trust takes a consistent long-term focus but can be derailed quickly. Bad customer experiences can escalate on social media quickly with examples like "United breaks guitars" (a trio of protest songs by Canadian musician Dave Carroll which chronicles a real-life experience of how his guitar was broken during a trip on United Airlines in 2008, and the reaction from the airline. The song became a public-relations embarrassment for the airline).

Actions by key executives and employees, competitive or adjacent companies, industry developments, policy and regulatory changes, each might have the potential to impact brand trust. This could explain why many brands quickly disassociated themselves with employees who were identified for participating in the US Capitol Hill insurgence in January 2021 – even though the incident is not directly related to the companies.

Changing consumer behaviour

Digital marketing experts estimate that consumers are exposed to up to 5,000 advertisements per day. With the bombardment on the senses, it is inevitable that consumer behaviour has changed.

TL:DR (Too Long: Didn't Read) is a common refrain as consumers react to headlines, imagery and emotional connections as first filters of the avalanche of information. Consumers wade through minefields of truths, half-truths and misinformation, in the new digital era.

Beyond the changing way of consuming information, consumer expectations and decision-making processes have also changed. Customers increasingly look beyond the product to understand the purpose and what the brand presents. Customers in some segments are looking for the social value as well as the commercial value of the product and services. Customers expect to be engaged (and sometimes entertained) instead of being "told and sold".

Increasingly, the customer journey is becoming as important as the end-product or service offered.

Lack of capabilities and skills

"If you don't exist virtually, you don't exist." This was shared as an exclamation of the importance of building a brand in the digital world. Capabilities and skills within the organisation to understand and navigate this new realm may have to be acquired or trained. These new muscles are not necessarily easy, especially for smaller businesses as they compete with the high demand for digital marketing and digital domain expertise.

A specific area of growing importance which requires new skills is around data analytics. More organisations are increasingly collecting and leveraging data for better understanding of consumers, better targeting for customer acquisition, cross selling, up selling, and customer support. This requires a balance of innovation, protection of customer privacy and value creation. With the changing technology and regulatory landscape around data, the skills and capabilities for insights management are difficult to buy or build.

Methods to the madness – ways to navigate the maze

The panel also discussed and explored practices that have worked, actions that yielded positive results and sparks for consideration. Despite the different sectors and backgrounds of the panel members, there was consensus around these views that have contributed to success with various organisations.

True North, staying consistent

Staying consistent with what the brand represents across every part of the organisation is key. Every touchpoint, formal or informal, represents the brand and could add or subtract from the brand trust equation. Every action, direct or indirect, should be consistent with what the brand represents.

Customers expect brands to be of high integrity, authentic, transparent and engaged with empathy regardless of which part of the organisation they encounter.

This necessitates a strong appreciation of the customer journey, both the logical process and the emotive engagement of the customer. As an example, an application for a housing loan may be automated through technology but may lose the emotive connection for a high-value customer engagement opportunity.

Crises represent important moments of truths as how an organisation responds could have longer lasting implications. Crises are not just problems to resolve but are windows of brand trust acceleration, for better or for worse. The community outreach during Covid-19 by Prudential Singapore is an example of creating trust during adversity.

As everyone is connected digitally with the ability to publish, employees are key markers for the brand, regardless of the role they play. Brands are built inside out. Successful brands invest in external branding (marketing campaigns) and internal branding (through employee communications and training).

Know your customer

Cutting through the plethora of platforms and information to reach the customer is not easy. This is where a stronger understanding of customer insights is necessary.

Many organisations have embarked on the journey of data collection to build a stronger set of insights for actions. This will create a better understanding of where the value exchange with the customer happens and how best to reach, inform, engage and potentially nudge purchasing behaviours. Some organisations have also created capabilities to monitor closely activities that could impact customer experience and brand trust.

Understanding the layers of complexities around the customer is no longer an art but a necessary science. This calls for a strong data infrastructure, reliable data capabilities as well as an understanding of behavioural science. Insights are a necessary enabler.

This allows for a better understanding of why and what the customer trusts the organisation with. What is the perceived value creation and relationship between customer and brand? Better decision making on when to say more and when to say less, when to proactively engage and when to passively react, can help pinpoint optimal engagement points.

The role of the board and leadership
Building brand trust starts with leadership. Building brand trust is not just the responsibility of the marketing and communications department. This requires a whole-of-organisation commitment.

Many successful brands are built upon the foundations of corporate culture, which shapes products, customer engagements, employee relations, etc. It requires a consistent and focused effort by the leadership and board to ensure that the organisation "walks the talk" and delivers on the brand promise.

As an example, the leadership of NTUC has personal statements to align the "me" with the "we", so that there is better alignment across the leadership on the organisational and brand aspirations. Leadership will also drive the investments into new muscles and capabilities in the form of customer insights as well as talent.

Similarly, the board plays a critical role in leading and supporting the development of brand trust as management guidance will shape operational decisions. This is especially important at critical strategic junctures where the decisions might significantly alter what the organisation stands for.

"People respect what you inspect." Good leadership also entails a series of measurements to track the progress and impact of company policies and processes.

Whilst the brand is potentially amorphous, there are industry measurements that can be readily adopted. Some organisations measure net promoter scores which measure customer satisfaction, whilst others measure customer loyalty through customer lifetime value. Some leverage brand surveys and brand valuation that use financial modelling to arrive at the brand's value. Measurements in one shape or form are necessary to track the progress of building brand awareness and trust.

Brand trust – success or failure

"Brand is just a perception, and perception will match reality over time," claimed entrepreneur Elon Musk.

The multiples that electric car manufacturer Tesla enjoys in the financial markets today, and the strong customer demand, could be partly attributed to the trust that the Tesla brand exudes. In our hyper-connected and hyper-digital world, a strong trusted brand will (more than ever) be a key foundation to acquire and retain customer goodwill, loyalty and wallet share.

Over time, the buyer's power has increased as customers now have more choices and information. However, they are inundated with an avalanche of information and platforms, making it challenging for brands to break through and engage with their customers.

A trusted brand is an asset that stands the test of time. As with any asset, the investment of time and resources is required, together with focus by leadership and the board.

Is your organisation ready to make this investment? ■

It's Tough to Trust AI Without Ethics

By **YAACOB IBRAHIM** and **CHONG YOKE SIN**

Artificial intelligence (AI) has the potential to predict human behaviour and develop value systems that seriously impact our lives. How can businesses ensure proper data governance and ethics in its application and build trust in how they use the knowledge and insights?

The paradox of AI lies partly in the fact that there are as many people who love it as there are those who do not.

On the anti-AI side are people like Tesla CEO Elon Musk. In 2018 at the US National Governors Association meeting, he said AI posed a fundamental risk to the existence of human civilisation. On the pro-AI side, Facebook CEO Mark Zuckerberg posted a video calling such negative talk "pretty irresponsible".

Philosophy aside, most businesses are quite bullish about AI and are set to plonk US$98 billion (S$130 billion) on AI-related solutions and services by 2023 – a whopping 250 per cent over the US$37.5 billion they spent in 2019, according to International Data Corp.

What is AI?

Simply put, AI is about getting computers to perform tasks or processes that would be considered intelligent if done by humans. For example, an autonomous car is not just making suggestions to the human driver; it is the one doing the driving.

AI and its cousin machine learning (ML) will change human society in ways we have yet to imagine. AI applications now cut across many sectors – finance, credit approval processes, insurance claims, transportation, healthcare and human resources. It is embedded in home appliances and smart devices.

For the first time in human history, a machine can make decisions without human involvement. What if those decisions are biased?

Infusing trust in AI

How can humans infuse trust and ethics into AI algorithms?

Many high-profile cases of discrimination, privacy violations and safety have, in recent times, involved AI. One example is Apple Card, which the New York Department of Financial Services investigated for alleged discrimination relating to credit limit decisions. Consumers complained that men in similar situations were given higher credit limits compared to women.

It was probably not the company's intent to be biased. In hindsight, such mishaps could have been minimised had more care been taken to keep human-centricity a priority. In Apple Card's case, the bias was inadvertently introduced due probably to the combination of the opaque nature of "black-box" models, inherent bias in datasets, and poor algorithmic oversight.

Although gender-related discrepancies have been researched extensively in the labour market and other contexts, relatively little is known regarding gender-related differences in credit market experiences. The designers probably failed to take into account the significance of this effect on the ML model. The bias thus crept into the model which assigned lower credit limits to women who were otherwise comparable in all financial attributes to men.

Building smart, safe and reliable AI systems that users trust and adopt involves more than collecting data and training ML models. AI development teams must also consider inclusion, fairness, and understanding of human needs and behaviour. AI systems that ignore human-centricity are unlikely to be adopted at best – and can cause great harm, at worst. See box, "Designing a Human-Centric AI Model".

Trust is a significant component when it concerns Personally Identifiable Information

Designing a Human-Centric AI Model

There are five questions to consider when designing a human-centric AI or ML model:

- What are the dangers of ignoring a human-centric design?
- How should companies select appropriate levels of human oversight for AI systems?
- What are the primary aspects of human-centric design?
- How can companies design AI systems to draw on the best attributes of both human and AI capabilities?
- What is the probability of error of occurrence? At one extreme is the low probability of an event occurring but causing much harm when it occurs; for example, a false positive in cancer diagnosis or metastasis. At the other extreme is a high probability of an event occurring but causing low or little harm when it happens; for example, a movie recommendation based on previous movies watched on a streaming platform.

(PII). PII refers to any digital or electronic data or information that can decipher the owner's identity. PII must be protected under data privacy laws in most countries. Examples include NRIC numbers, email IDs, residential addresses, contact numbers, and credit card details. Most companies have various types of PII – of their employees, customers and channel partners.

A safe and trusted AI environment

Singapore aims to collaborate with key stakeholders to create a safe and trusted environment that fosters innovation, supports industry adoption of responsible AI, and contributes to the global discourse.

The Model AI Governance Framework was launched by Singapore at the World Economic Forum (WEF) annual meetings in Davos in Switzerland – the first edition in January 2019, and the second in January 2020.

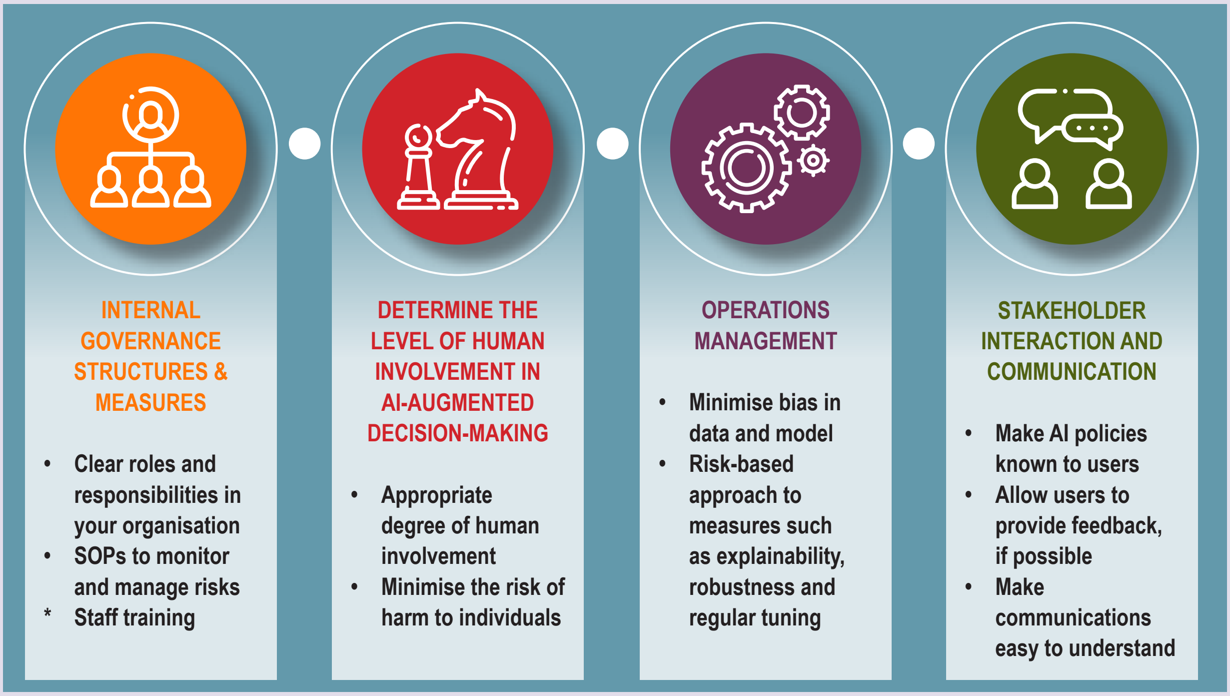
More recently, in October 2020, the AI Ethics and Governance Body of Knowledge (BoK) was launched. A collaboration between the Singapore Computer Society and the Infocomm Media Development Authority, the BoK includes contributions from 30 authors and 25 reviewers.

Mr S Iswaran, Singapore's Minister for Communications and Information, said at the launch that the world is accelerating towards a digital future with AI set to permeate all aspects of our lives. "Trust in digital technologies and AI is key if we are to scale up adoption," he said. "Hence, it is crucial that the development and deployment of AI is human-centric – and safe."

Following the AI Model Governance Framework (see Box, "AI Model Framework, Second Edition"), the BoK offers guidance on measures promoting the responsible use of AI that organisations should adopt in four key areas:

- **Internal governance structures:** Accountability involves adapting existing systems or setting

AI Model Framework, Second Edition



Source: IMDA

up new ones to incorporate values, risks and responsibilities related to algorithmic decision-making.

- **Human-centricity:** This is a methodology to aid organisations in setting their risk appetite for AI use. That includes determining acceptable risks and identifying appropriate levels of human involvement in AI-augmented decision-making.

- **Operations management:** Issues to be considered when developing, selecting and maintaining AI models, including data management (such as auditability, for example).

- **Stakeholder communications:** Strategies for communicating with an organisation's stakeholders and the management of relationships with them.

How boards can build trust in AI

With the growing and pervasive use of AI in almost every aspect of business, there may be blind spots or risks if the use of AI is not properly governed. It is, therefore, imperative that AI governance should figure prominently on board agendas. It should be essential for Audit Committees to ensure AI deployments comply with regulatory demands, so as to build trust in the organisation's use of AI.

In this regard, the BoK spells out some pertinent Acceptable Use Policies (AUPs) for governing AI in organisations. AUPs are documents outlining the list of constraints and practices that a user must agree to abide by, in order to use a product or service.

It sets rules and guidelines to inform users on how the AI system is to be responsibly used, and includes information such as what users are allowed or not allowed to do. It also spells out the possible repercussions or measures that the organisation will pursue in a breach of use.

At a macro or national level, there might be a case for legislation to regulate AI in due course. The issue is how extensive the legislation should be, and when it should be enacted. Yet it is not easy to anticipate all the effects of AI, and it does not make sense to have legislation covering every area where AI is deployed. The EU takes a risk-based approach where categories deemed "high-risk" are the first to be legislated.

There have been a few attempts at governing AI in the US, UK, Canada, and the EU. For example, the Organisation for Economic Cooperation and Development (OECD) adopted five broad OECD Principles on AI:
- Inclusive growth.
- Sustainable development and well-being.
- Human-centric values and fairness.
- Transparency and explainability.
- Robustness, security, safety and accountability.

Currently, Singapore has adopted an advisory approach to the deployment of AI. With this BoK, there is enough scope for AI deployment to be unhindered and yet be mindful of possible ethical issues. It is also suitable for specific sectors to issue guidelines that can help the industry deploy AI ethically and effectively and within existing rules and regulations specific to that sector.

For example, the Monetary Authority of Singapore has released its Fairness, Ethics, Accountability and Transparency principles to guide AI and data analytics in the financial sector.

This is a good start for Singapore. And the experiences gained can help the relevant government agencies decide how the legislative framework will look like. Clearly, the need to balance public interest and industry innovation must guide this process. ■

Dr Yaacob Ibrahim is former Minister of Communications and Information. Dr Chong Yoke Sin is President of the Singapore Computer Society.

Reimagine Digital to Build Trust

By GREG UNSWORTH, Risk Assurance and Digital Business Leader, PwC Singapore

Reimagining digital is about having a digital-first mindset, with eyes firmly set on enabling the workforce and data assets, and creating risk-resilient new world operating models to adapt to the new market realities.

As Covid-19 caused unprecedented upheaval across industries, business leaders have had to act quickly to ensure operational and financial resilience, alongside keeping their workforce safe. Many are using this period to refine business strategies and develop new operating models driven by digital technologies for the future.

However, as businesses restart in the new post-pandemic world, some of the more pressing digitalisation issues include:

- **Building trust in new business models and technologies.** Organisations need to respond fast to the changing markets and understand shifting customer and stakeholder expectations. Adapting to new permanent shifts and building trust in new business models and processes are prerequisites in the changed business landscape.
- **Digital evolution to revolution.** PwC's CEO Panel Survey conducted in 2020 underpins the acceleration in adoption of new technologies and new ways of working beyond the pandemic. With an increasing share of remote and contingent workers, CEOs plan to develop a more digital, flexible and employee-oriented workforce, with enhanced focus on employee health, safety and wellness.
- **Digitally empowered human leadership.** It is important for business leaders to bring the best of human qualities into greater focus. Developing the right digital and leadership skills is essential to enhance virtual team cultures for new workforce models. How business leaders respond to this crisis now will enable a new focus on future human capital development and build resilient organisations for the years ahead.

Putting digital first for growth

Against the backdrop of these challenges, there are ways in which organisations can reimagine digital to chart out a new and more adaptive course in building resilience and emerging stronger in the new world. These include:

- **Respond to changing consumer expectations.** If businesses are to actively reinvent their own future, they must understand how the new world affects all their customer touch points, how to respond to the changing consumer expectations and align strategic plans accordingly. Beyond price sensitivity, consumers today are seeking a diversified digital experience rooted in safety and accessibility. To make them longtime advocates of products and services, businesses will need to prioritise care and well-being beyond innovation.

- **Create a connected digital enterprise.** Nearly 75 per cent of digital transformations fail to generate returns or expected value exceeding the original investment. Around 70 per cent of organisations fail due to a lack of user adoption and behavioural change. Companies should adopt a connected digital enterprise approach that:
  - o Brings together people, processes and automation through a digital platform to deliver a multiplier effect on digital transformation outcomes.
  - o Addresses issues in the process of intelligent decision making and achieves agility at scale.
  - o Creates increased organisational flexibility, better cost controls, enhanced team productivity and operational resilience.
  - o Connects the enterprise through front-to-back digitalisation and enables real-time decision making with artificial intelligence (AI).

- **Enable AI adoption by powering data.** PwC's Global CEO 2019 survey revealed 85 per cent of global CEOs believed that AI would significantly change the way they do business in the next five years. Covid-19 is bringing those predictions forward. Businesses need to couple data strategy with business strategy tightly. With data strategy at the centre of the operating model, business leaders must drive the effort, involving people, processes, systems and culture. This could include de-risking operations, optimising cost structure, managing revenue mix, uplifting customer experience and developing a talent pool.

- **Ensure risk-proofing in the digital world.** This entails knowing the gamut of new world risks, anticipating potential future risk scenarios and strengthening ability to manage these risks. The expansion of ecosystem models and adoption of Cloud and new technologies (such as augmented reality, virtual operations and AI) will change the future direction of business operations. In addition, a robust cyber security strategy must be built around three fundamental parameters: building trust, promoting resilience and enabling business processes.

- **Prepare the workforce of the future.** Future skills, new work delivery parameters and managing employer and employee expectations, will be crucial for a future-ready workforce. People must always be at the centre of corporate strategies, both when economies are strong and when they are under threat. The key to unlocking an organisation's value lies in its culture, in building and maintaining trust, and in harnessing the right skills. Today, businesses need to reimagine future office spaces and leverage new technologies to create a better and more flexible working experience for their digital workforce.

The road ahead is, without a doubt, challenging – but there are plenty of opportunities, as well. When businesses start addressing the current challenges and invest in skills and capability development, it will help them build trust, develop resilience and become a digitally-fit, future-ready organisation. ■

The Art and Science of Using Numbers to Persuade (and Deceive)

By LEONG CHAN-HOONG

Numbers alone do not always paint a reliable portrait, even if they might be the best data and instruments in the field. Instead, people and institutions tasked with collecting and interpreting the figures, play a crucial role in shaping the narrative.

"Statistics don't lie, people do" – this was my introduction in Statistics 101 as an undergraduate in the study of statistics in the mid-1990s. The message, delivered with all good intention by my professor, drives home the point that the analysis and interpretation of facts and figures, is as critical as the data itself.

Close to a quarter of a century has passed since my induction to data science. With the advances in technology and tools in the intervening years, this fundamental truth resounds more than ever today.

Governments, data scientists, academics and market survey firms have created sophisticated techniques to assess the accuracy and reliability of information. This includes the application of big data and artificial intelligence to collate, integrate, simulate and predict outcomes and identify potential sources of change.

Like it or not, we are all part of a modern digitised ecosystem where every aspect of our movement and response are captured, quantified and distilled.

Despite the increased sophistication of data analysis tools and methodology, it has become even more complicated to ensure accurate sensing of our behaviours, sentiments and socioeconomic health. The measurement of matters of the heart, like voters' opinions, customer satisfaction, or employee loyalty, remains elusive and difficult to pin down accurately.

There is a growing public awareness of data malleability partly because of a more tech-savvy consumer base and educated electorate, and greater access to information and social media.

Notwithstanding the technological advancement, developments over the past decade also suggest a deeper, more complex tension between the speaker and audience – and between information and rhetoric.

Simply put, both statistics and people are imperfect. At least three factors have systemically contributed to the distortions and outcomes: self-selection bias, bounded rationality and stereotyping.

Self-selection bias

The first is self-selection bias. To illustrate, the decisions we make are based on the information we have. And this information is derived from the data we collect, which is obtained from the people or events we interview or observe.

So, in a political climate where personal privacy is a growing premium, reliable opinion polling becomes challenging as people shy away from publicly expressing their thoughts, or worse, they give a false but socially desirable response.

If there is any doubt that this is pervasive, look no further than the US presidential polls. In both the 2016 and 2020 campaigns, opinion polls leading up to the election consistently showed that Donald Trump's opponents would win the popular vote decisively – by as much as 10 percentage points.

The outcome? A harrowingly narrow victory either way. Joe Biden won the popular vote with 51.4 per cent (compared to Trump's 46.9 per cent); and in the 2016 faceoff, Hillary Clinton received 48 per cent of total votes cast (versus Trump's 46 per cent).

Importantly, post-mortem analyses point to an under-representation of white, middle-aged men without a college education in surveys. This is the group that is potentially most alienated by the mega forces in globalisation and income stagnation. Yet, there is a great reluctance among this very group to express their political preference publicly, ostensibly due to the stigma attached to Trump, a controversial figure.

Numbers mean little if they do not reflect the intended purpose.

Bounded rationality

Humans have an inherent need to feel good about themselves, the choices they make, and the people they hang out with. Making sense of economic data is pretty straightforward. Getting a yardstick on our cognitive and emotional biases is harder, and not allowing these predispositions to get the better of us, even more so.

In general, we are constrained by "bounded rationality", where we use a combination of mental heuristics, social norms and imperfect knowledge to help us make an informed judgement. Our anxiety and fear of the unknown often nudge us to embrace what may seem to be the obvious solution to a problem.

President Trump's successes in stirring up anti-immigration rhetoric is an example of how data can be tactically used for political gains. In one of his prime-time speeches in 2019, he claimed that America suffers from a "security crisis at our southern border" as undocumented immigrants swarmed past the US border with Mexico.

While the number of illegal immigrants apprehended did increase from 303,916 in 2017 to 396,579 in 2018, the figures are a function of tighter, more hard-line border control measures than an actual spike. In fact, according the US Customs and Border Protection data, the numbers have steadily fallen since the peak of 1,643,769 in 2001.

The interpretation of data was skewed towards the messaging that suited the purpose; in this case, to support the claim that illegal immigration was a rising threat to national security.

Stereotyping: "Seeing the world as I see it"

Finally, in a world where we constantly judge and are judged by others around us, stereotypes about age, gender, race, and so on, abound. What we assume as acceptable public behaviours and norms shape the way we process information and how we react to it.

Using the Trump example again, we can find many instances of how the administration created its own narrative, using "alternative facts" to describe a given situation as perceived from a specific viewpoint.

On 21 January 2017, White House Press Secretary Sean Spicer accused the media of deliberately underestimating the size of the crowd for President Trump's inaugural ceremony.

He declared that the ceremony had drawn the "largest audience to ever witness an inauguration – period – both in person and around the globe".

According to rapid transit ridership data and photographic evidence, Spicer's claims and allegations were blatantly false. Aerial images showed that the turnout for Trump's inauguration was lower than the turnout for the 2009 inauguration of Barack Obama.

Spicer claimed that 420,000 people rode the DC Metro on inauguration day 2017, compared to 317,000 in 2013. In fact, actual ridership figures between midnight and 11 AM were 193,000 in 2017, and 317,000 in 2013.

Never mind that many observers point to the "proveable falsehoods" uttered by official spokespersons within the Trump administration. "Alternative facts" are an apt description of how data can be interpreted wilfully and deliberately distorted.

Nudging behaviour

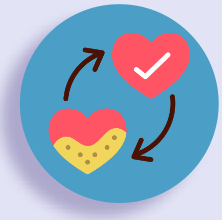
Statistics can be used to nudge behaviour.

Nudge theory is a concept in behavioural economics that proposes positive reinforcement and indirect suggestions to influence the behaviour and decision-making of groups or individuals. Nudging contrasts with other ways to achieve compliance, such as education, legislation or enforcement.

The nudge concept was popularised in the 2008 book *Nudge: Improving Decisions About Health, Wealth, and Happiness*, by Richard Thaler and Cass Sunstein. It has influenced politicians and public policy.

See box, "Examples of Nudging Behaviour" for cases of how data and information have been

Examples of Nudging Behaviour



HOTA

The Human Organ Transplant Act (HOTA) allows for the kidneys, heart, liver and corneas to be removed to transplant to another patient in the event of death of an individual from any cause. The Act empowers the state to harvest clinically dead organs for the benefit of another living person.

To encourage take-up, HOTA has been decreed as an "opt-out" policy. The default choice is to subscribe to organ donation, one that requires the least cognitive deliberation. As the topics of death and afterlife are taboo subjects in general, this public policy has achieved relative success in take-up rates.

Utilities

Similarly, a household's monthly utility bill is benchmarked against the normative consumption level in the neighbourhood. In other words, it is not just the absolute cubic meters of water or kilowatt-hours of electricity we use, but where we stand in resource utilisation when compared with others in the residential estate.

This plays on the human instinct to want to be a part of the mainstream. We have a yearning to do the right things and to be liked for doing these things. This proclivity gives ammunition to utility service providers in shaping the way we consume resources.

MRT

The Land Transport Authority employs prominent signage on its trains to inform that the majority of commuters will "move in to the centre of the train for others to board", and "give up their seat to those who need them more" (96 per cent and 94 per cent, respectively). These statistics serve as the blueprint for social compliance as commuters want to do right and behave as the majority do.

presented to influence public perception and behaviours in Singapore.

It's not the numbers, but the narrative

In the end, statistics are not the sole deciding variable. The human touch makes the difference.

Numbers, like people, are imperfect and multifaceted. These flaws constitute the foundation for mavericks to build their political fortune.

For the rest of the mortal souls? Spare us from the number crunching, please. ■

Leong Chan-Hoong is Associate Professor at the Centre for Applied Research, Singapore University of Social Sciences. He is the Singapore National Representative for the World Association for Public Opinion Research, and the Chair for the Rae and Dan Landis Outstanding Dissertation Award, at the International Academy for Intercultural Research.

Cementing Trust in Internal Audit in Pandemic Times

By **DAVID TOH**

An internal audit function, given its unique role in the organisation, is expected to imbue trust among its key stakeholders. To live up to this high expectation, internal audit must continue to transform.

As the global pandemic confined people to their homes, businesses quickly implemented new technologies to shift to digital modes, something they had resisted, feared or slow-walked for the past few years until the crisis hit.

Internal auditors began to pivot as well. Amid the new business environment, rife with new challenges and uncertainty, the potential erosion of trust is too great to ignore. Many industries are re-examining their core business models, and as a trusted advocate, internal audit has a role to play in this period of corporate soul-searching.

Today, the internal audit function is expected to operate with a much smarter and more digitally-driven operating model. This will be characterised by a proactive risk focus, diversified scope, higher-precision activities and analyses informed by behavioural science. (See box, "The Transformed Internal Audit Function").

Embarking on the journey

Internal audit functions should embark on a well-measured transformation journey that focuses first on governance and internal control problems as they emerge. Attention on quick wins, such as reassessments of fraud risk or the introduction of automated fraud detection and analysis, may potentially provide a positive start in the right direction.

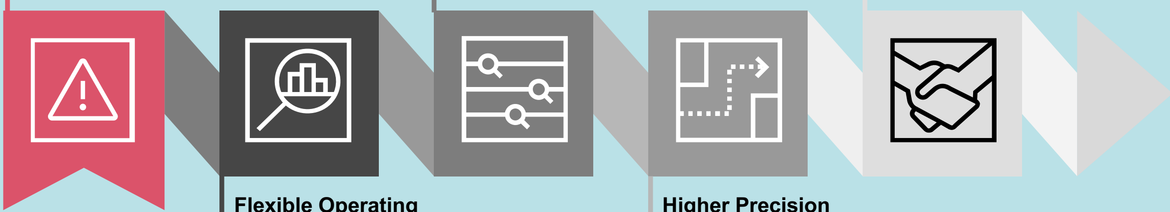
Importantly, internal audit functions must always collaborate and not try to go it alone. There could be risks that internal audit functions may not be aware of, but risks stemming from a lack of coordination within the organisation are the ones that internal audit functions must assess and assist in mitigating.

The Transformed Internal Audit Function

Proactive Risk Focus
Embed a continuous **Risk Sensing** process that uses external and internal sources of data identification of risk areas

Audit Spectrum, not audit plan
Diversify the scope and nature of audit activities. Issues based reviews, audit insight workshops and more.

Behavioural Science
Leverage data to identify behavioural trends and root cause – uncover the blind spots!



Flexible Operating Model
More **dynamic teams with leverage models** across the 3 lines of defence

Higher Precision Audit Activities
Analyse 100% of populations using neural networks and AI to scope highly focused audits.

Source: PwC

Internal audit function leaders should also remember that trust means being prepared to iterate on plan A, or move to plans B, C, or D. As macro and organisational circumstances change, or until the internal audit function can create a scaleable model in step with the growth and change of the organisation, adaptability is key.

A new way of thinking and operating will assist internal audit functions in advancing towards the desired transformation. The confidence of the stakeholders that have been shaken by the sudden, unpredictable changes in the external environment and the crisis faced by the business would be restored quickly, and internal audit will continue to prepare itself for the "new normal".

Entrenching trust

Investments in a transformed internal audit should generate immediate savings in time, effort, and money – a much-needed relief during times of unprecedented economic loss and distress. Most of all, a transformed internal audit function can play a crucial role in building and cementing shareholders' trust, through the following ways.

1. Ramping up virtual capabilities

Agile and prepared internal audit functions are moving away from processes that require intensive face-to-face interactions and manual, paper-based documentation. Today, internal audit teams are demonstrating that they can engage with stakeholders and others in first and second-line roles in increasingly virtual ways, such as virtual fact-finding and self-service as enterprises drive towards digital documentation and collaboration.

Non-audit and administrative work, such as document request lists and data-gathering activities, are ripe for virtualisation. Internal audit can directly benefit the business by operating a self-service model. No corporate function has the broad and unquestioned access to data that internal audit has. Internal audit functions can turn that unique advantage and responsibility into something much more valuable and efficient through virtualisation and automation.

Certain internal audit functions are already incorporating a "virtual discovery stage" into their planning process. Using dynamic questionnaires, internal audit functions are performing detailed risk analysis with little intrusion on business operations. Businesses will experience cut back on meetings and provide the requested information, instead of engaging in time-consuming traditional walkthroughs and workshops.

Internal audit functions are implementing cost-efficient, technology-enabled solutions. Audit related tasks can be conducted remotely and over a more extended period while maintaining the same level of quality and reducing the burden on the business. Key summary reports and information required for targeted decision making can be provided virtually and in less time.

2. Embracing data and digital operating models.

By taking advantage of technology and data analytics, internal audit can identify root causes and behavioural trends, and spot emerging risks in real-time rather than discover after the fact. Automating repeatable processes and applying advanced analytics are the way forward. By doing so, duplicates and exceptions could be identified within a matter of minutes; blind spots and high-risk expenses could be uncovered, and a highly efficient auditing process with full coverage could be presented to the stakeholders.

Such changes in approach can assist internal audit functions in providing value propositions that may be significantly different. The audit committees can be assured of better risk coverage over high-dollar impact areas and significant exposures to compliance risks, in order words, building trust.

While this may sound daunting, it does not need to be complicated. The data the internal audit functions are already using as part of their audit execution process can be utilised to identify key objectives and indicators. The way to conduct internal audit could be redefined with new technology.

Internal audit teams can also use this opportunity to improve their collaboration with the other lines of defence. They can work together to identify common sources of data and combine data retrieval and analysis. Internal audit can share analytics and other tools that can become real-time monitoring capabilities for the first and second lines in the future.

With an eye on the broader risk capabilities of the organisation, internal audit can assist in providing a greater insight and more effective assurance to its key stakeholders, while ensuring a more meaningful return on investment on risk management activities and technology.

3. Letting people, not technology lead the transformation journey.

Like other corporate functions, the ability to use advanced data analysis tools and visualisation is a fundamental change for most internal audit functions. Internal audit functions seeking to include analytics in 100 per cent of their internal audit reviews may decide to hire data scientists urgently to commence the process. However, the analytics provided by the team of data scientists will be relegated to the appendices of the organisation's internal audit reports, if there is no coordination. Lack of an overall strategy that involves upskilling current team members may render potentially valuable analytics ineffective.

Statistically, more than two-thirds of the time, transformations fail because employees do not readily adopt the new technologies. It is not because they do not want to. Most employees want to acquire new skills or completely retrain themselves to improve their future employability. Multiple independent surveys have shown that job seekers are more often than not, ready to forgo salary raises to gain the training and flexibility they aspire.

Transformations designed as tech-first or that are tech-led are destined for less-than-satisfactory outcomes. Even traditional upskilling programmes are likely to be ineffective. Internal audit functions must be ready for upskilling that will mandate individual capability assessment, be people-focused, business-led, and result-oriented to retain the confidence and trust placed on it by the key stakeholders.

People have to be front and centre of the organisation's transformation initiative. To do this, trust in the organisation's leadership, processes and systems has to be built over time. ■

David Toh is a member of the Technical and Technology Committee, The Institute of Internal Auditors Singapore.

Governance for Our Times

SID Chair Wong Su-Yen (WSY) took over the reins from Tham Sai Choy after the SID AGM on 17 November 2020. She talks to Pauline Goh (PG), SID council member and Chair of the *SID Directors Bulletin*.

PG: How do you feel about being the first woman chairman of SID?
WSY: About the same way I feel about being the youngest and the most height-challenged chair of SID! Jokes aside, as I reflect on my journey, I am grateful to female directors such as Fang Ai Lian and Euleen Goh who paved the way for those of us who came afterwards.

I would particularly like to credit a team of male directors (who also happen to be older and taller than I am!) who have cast a vote of confidence in my direction over the years.

When Gerard Ee was Chair of the National Kidney Foundation, he took a chance and gave me a shot at my first NED role. Tan Lye Huat opened the door for me to serve on my first listed company board at Nera Telecommunications. Willie Cheng persuaded me to step up and serve on the SID Governing Council. Teo Ming Kian and Kee Teck Koon welcomed me onto the boards of MediaCorp and NTUC First Campus respectively when I was still wet behind the ears. Tham Sai Choy nudged me first into the Vice Chair and subsequently the Chair role at SID. These men and women, and others like them, are the true trailblazers and champions.

PG: What is your vision for SID?
WSY: SID has come a long way since its inception in 1998. At the same time, it is still a relatively young organisation. To put things in perspective, the Institute of Directors in the UK was founded in 1903! In the next leg of our journey, we aim to build a community of professional directors and enhance director capabilities and future readiness. To do this, we intend to engage members with valuable experiences, foster a vibrant governance ecosystem, advance thought leadership and advocate good governance.

PG: What are the most significant challenges and strategic goals for SID over the next 5 years? 10 years?
WSY: My colleagues and I are focused on the notion of "relevance". What do I mean by this? Firstly, we will continue championing the need to go beyond conformance to performance. This is fundamental to being relevant, as companies face threats that go far beyond the need for adherence to regulations, critical though that continues to be.

Secondly, we want to extend the notion of governance to a wider universe of organisations. SID has historically focused on listed companies and, more recently, nonprofit organisations. Beyond that, governance – as defined by performance and conformance – extends to start-ups (WeWork comes to mind), private companies, public entities, family businesses, etc. The challenge is to make governance relevant, fit for purpose, if you will, across organisations that have widely differing contexts.

Thirdly, we are committed to developing a more diverse community of directors. Diversity here needs to be broadly defined, including yes, gender, but also dimensions such as age, professional specialisation, international perspective, and so on. Taking an analogy from biology, diversity in a species enables resilience. Without diversity, the species is less able to adapt to change. Thus, in order for organisations to survive and thrive in the multi-faceted and fast-evolving world we operate in, diversity is no longer a "nice to have". It is an existential issue.

Fourthly, we are working to deliver value across the governance ecosystem. This requires that we effectively engage a broad range of stakeholders, including directors, corporates, partners, regulators and shareholders. In particular, a key priority is to enhance the member experience and increase member engagement. We are also building strong partnerships, for example with other Director Institutes across ASEAN to support foreign-domiciled entities that are listed in Singapore, and Singapore companies that are expanding overseas.

Last but not least, we will invest in enhancing SID's operational capabilities in order to better serve our members and other stakeholders. Like any other organisation, we need to evolve and transform to remain relevant.

PG: How has Covid changed your plans for the next 12 months?

WSY: At a personal level, in 2020, my husband and I had planned to be part of the largest contingent from Singapore to hike to Everest Base Camp in support of mental health. We had been training for months and were hopeful that this might materialise in 2021. While this has been put on hold indefinitely, the silver lining is that we are in better physical condition than ever before, and are intent on not "going back" to our previous sedentary lifestyle.

PG: How do you think it should change the plans for boards?

The analogy for boards is this – Covid has forced all of us and our organisations to challenge long-held assumptions. Closing an M&A transaction without ever shaking hands? Check. Working flexibly from home? Check. Going digital in record time? Check. While some aspects of the new normal are less than ideal, Covid has forced us to consider possibilities that were previously unimaginable. It has given us the opportunity to be resourceful, to be nimble, and to transform. In my view, it would be a shame to waste this gift by "going back" to the status quo.

The AC Seminar 2021

Enterprise Resilience and Risk Management

In an uncertain and complex environment, having a sustainable and resilient business is crucial. How enterprises respond to and manage these challenges will be imperative to business survival and success.

The annual Audit Committee (AC) Seminar, jointly organised by ACRA, SGX and SID, was held online for the first time. On 12 January 2021, more than 350 directors and professionals tuned in for the seventh instalment of the event. The theme this year was "Enterprise Resilience and Risk Management".

Mr Neil Parekh, SID council member was the emcee. In his opening address, Mr Ong Khiaw Hong, Chief Executive of ACRA, urged companies to equip their ACs with the capability to handle complex accounting issues, against the backdrop of economic and social disruption caused by the global pandemic. This includes providing sufficient guidance and support to the AC and investing in and building a strong finance team.

Prof Ho Yew Kee, Associate Provost at the Singapore Institute of Technology, presented key findings from the *Study of Audit Committees of Listed Companies in Singapore 2020*. The report, the fourth in the series of surveys, gives a snapshot of the state of ACs in listed companies and a longitudinal progression of ACs over time.

Ms Bong Yap Kim, Divisional Director of Financial Reporting Division of ACRA, shared the findings from ACRA's Financial Reporting Surveillance Programme issued on 14 July 2020. She highlighted the importance of ensuring that two or more AC members should have deep accounting and auditing knowledge to help the company address accounting, internal controls and audit risks from Covid-19.

Ms June Sim, Head of Listing Compliance at SGX RegCo, updated on the need for disclosures in uncertain times and valuations in interim financial statements. She referred participants to the two SGX announcements on what is expected of issuers' disclosures and financial reports during Covid-19 – issued in April and July 2020, respectively. Addressing investigations involving issuers, directors and executive officers, she also expanded on SGX RegCo's enforcement powers.

A panel discussion on "Effecting Resilience in Enterprises" ensued, moderated by Mr Max Loh, Chairman of the AC Chapter, SID. Panel members comprised Mr Adrian Chan, Chairman of the AC, Ascendas Funds Management; Ms Yiong Yim Ming, Group Chief Financial Officer, City Developments Limited; and Ms Kathy Lai, Deputy Chief Executive Officer, Enterprise Singapore. They shared insights and perspectives into how businesses can build resilience and oversee crisis management and strategic risk for the long term.

In his closing remarks, Mr Tan Boon Gin, CEO of SGX RegCo, reiterated the importance of trust in building back confidence among investors in financial reporting. Highlighting the new rules governing auditors and their work in respect of listed companies, he urged enhanced oversight of the quality of work of auditors.

The key takeaways from the seminar are summarised in the following pages.

Presentation of Key Findings

Survey of Audit Committees of Listed Companies in Singapore 2020

The study provides a description of the attributes of ACs and their members from the 650 SGX listed companies, and covers 1,539 unique individuals as AC chairs or members. The total number of directors was 2,129.

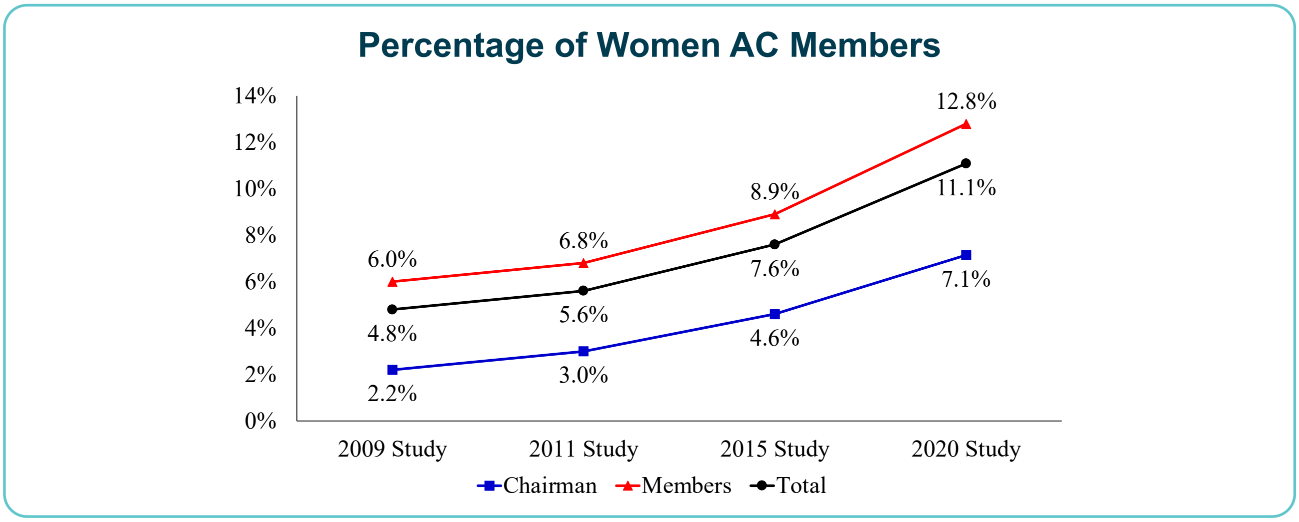
Key trends

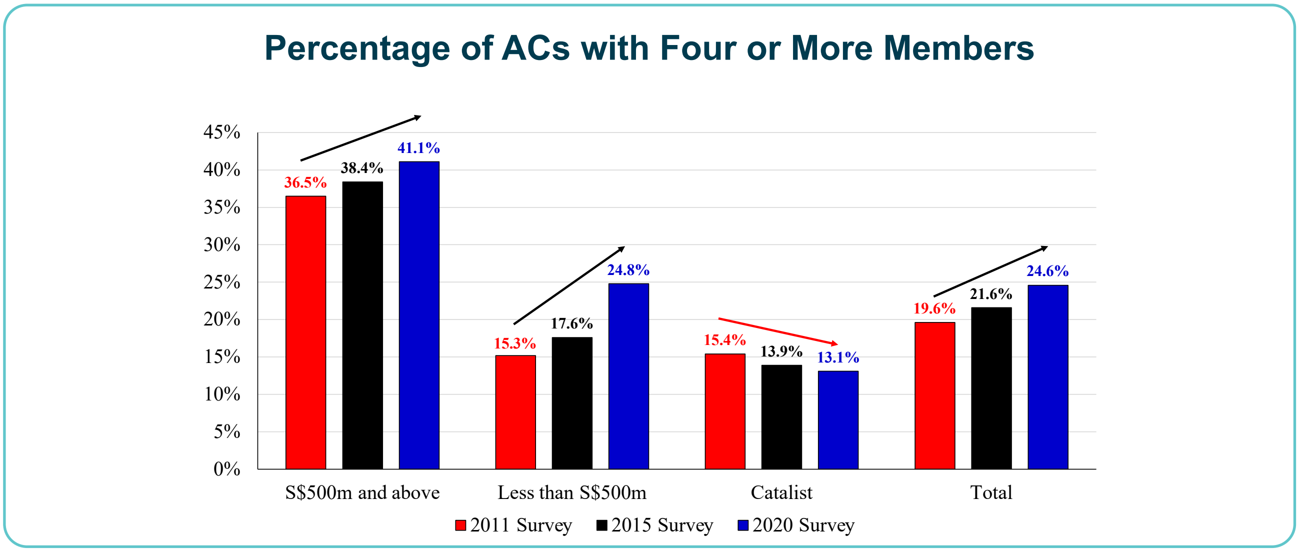
Multiple directorships

There has been a decline in multiple directorships, or "busy directors". The majority of directors hold only one AC chairmanship position (76 per cent) or serve as an AC member in one AC (83.9 per cent). The number of individuals with multiple chairmanship or membership in ACs has been decreasing systematically over time.

Gender diversity

There has been a slight improvement in board gender diversity. The number of female AC members went up to 12.8 per cent in 2020, from 8.9 per cent in 2015. (See box, "Percentage of Women AC Members").





AC composition

There has been a general increase in the percentage of ACs with four or more members, except for Catalist-listed companies. (See box, "Percentage of ACs with Four or More Members").

Independence of AC members

The percentage of independent directors has remained relatively stable; 98.7 per cent of the chairmen and members of AC are either independent or non-executive directors. However, there are 24 executive directors in the ACs despite the CG Code 2018 which recommends for all AC members to be non-executive. (See box, "Companies with Executive Directors in their ACs").

Financial expertise

The overall percentage of ACs with two or more financially-trained members is 64.4 per cent in 2020 compared to 67.6 per cent in 2015. In 2020, there were 38 ACs (5.8 per cent) with no "financially trained" AC member.

Nine-year rule

There has been an increase in the number of AC members who have served more than nine years. A large percentage of chairmen and members (33 per cent and 25.8 per cent, respectively) have been with the company for 10 years or more. (See box, "Tenure of AC Members").

Companies with Executive Directors in their ACs

No of Members in the AC	2020 Study					2015 Study				
	No. of Companies	Proportion of Executive Directors in the AC Members				No. of Companies	Proportion of Executive Directors in the AC Members			
		20%	25%	33%	50%		20%	25%	33%	50%
2	14	0	0	0	0	14	0	0	0	0
3	476	0	0	17	0	548	0	0	18	0
4	129	0	5	0	1	137	0	15	0	1
5	29	0	0	0	0	15	3	0	0	0
6	2	0	0	0	0	2	0	0	0	0
7	0	0	0	0	0	1	0	0	0	0
TOTAL	**650**	**0**	**5**	**17**	**1**	**717**	**3**	**15**	**18**	**1**

23 companies (2020 Study) **37 companies** (2015 Study)

Tenure of AC Members

	2020 Study			2015 Study		
	Chairmen	**Members**	**Total**	**Chairmen**	**Members**	**Total**
Less than or equal to One year	11 (1.7%)	45 (3.0%)	56 (2.6%)	132 (18.5%)	358 (22.4%)	490 (21.2%)
More than One Year to Five Years	232 (36.1%)	600 (40.4%)	832 (39.1%)	207 (29.1%)	519 (32.4%)	726 (31.4%)
More than Five Years to Ten Years	186 (28.9%)	450 (30.3%)	636 (29.9%)	213 (29.9%)	409 (25.6%)	622 (26.9%)
Greater than Ten Years	212 (33.0%)	384 (25.8%)	596 (28.0%)	150 (21.1%)	281 (17.6%)	431 (18.6%)
Insufficient Information	2 (0.3%)	7 (0.5%)	9 (0.4%)	10 (1.4%)	33 (2.1%)	43 (1.9%)
TOTAL	**643 (100%)**	**1,486 (100%)**	**2,129 (100%)**	**712 (100%)**	**1,600 (100%)**	**2,312 (100%)**

***32.3% of AC members have greater than 9-year tenure**

Come 1 January 2022, the 2-Tier voting system will kick in for non-ID

ACRA Regulatory Update

Eleven (or 55 per cent) of 20 financial statements reviewed contained 31 material non-compliances with accounting standards.

Four listed companies re-stated, re-audited and re-filed their financial statements:

- Consolidated pre-tax profits or losses mis-stated by 1 to 8 times.
- Consolidated net assets mis-stated by 15 to 68 per cent.

The ACs of two listed companies had no accounting trained member.

Tips to raise effectiveness of ACs

- Engage experts to augment team's skillset.
- Building CFO and finance team's accounting and valuation knowledge.
- Have two or more AC members with accounting and auditing expertise.
- Invest time to review financial statements before AC meeting.
- Conduct sanity check on financial results.
- Ensure disclosures are simple and succinct.

Bong Yap Kim

Raising capacity of stakeholders in the financial reporting value chain

2021: ACRA commissioned second audit adjustment study and first survey on effectiveness of finance function.

2020: ACRA, SGX RegCo, ISCA and SID commissioned fourth study on the profile of ACs.

2019: ACRA revised Audit Quality Indicators (AQI) Disclosure Framework.

2014: First audit adjustment study.

"The corporate reporting landscape has undergone unprecedented changes. As we continue to deal with the impact of the pandemic and take stock of the lessons learnt and progress made, it is useful for us to reinforce the importance of high quality, independently assured information and governance to support the effective functioning of capital markets...

Amidst the backdrop of greater uncertainties, we need all stakeholders to raise their guard against corporate wrongdoings. I urge companies not to reduce their focus on corporate governance, financial reporting and audit matters because doing so may come at the expense of the longer-term interests of companies and the financial ecosystem."

Ong Khiaw Hong

SGX Regulatory Update

Disclosures in uncertain times

- Importance of timely and accurate business updates.
- Manage investors' expectations.
- Explain specific areas of impact on the company's operations and financials.
- Avoid issuing generic statements on economic outlook.

What is critical for investors to trade on an informed basis

✓ Earnings guidance.
✓ Appropriateness of going concern assumptions.
✓ Sensitive information – is the information material (price or trade sensitive).
✓ Impairments, valuations, cash flow forecasts and debt servicing abilities.
✓ Cancellation of dividends.

Valuations in interim financial statements

- Where adjustments to the valuation models are made, the key assumptions, as well as management's basis for selecting these assumptions, must be disclosed.
- Illustrations may be used to forecast a potential impact a change in valuation may have on NAV, NTA or leverage ratio.
- Issuers must prepare their interim financial statements in accordance with the prescribed accounting standards.
- Where valuations are required for financial reporting purposes, the valuations must comply with the relevant accounting standards, practice guidance, and issuers should seek professional advice when in doubt.
- On 4 December 2020, ACRA issued its Practice Guidance which discussed a director's duty in the fair measurement of investment properties and financial instruments.

June Sim

"This is the first full-year audited results since the removal of quarterly reporting in early 2020. So there could be much more interest in these results than before. In particular, the removal of quarterly reporting was to enable companies to focus on the long term. So how companies achieved this and importantly, reflect this in their FY results will be of interest…

This is also the first set of audited financial numbers that will reveal how severe an impact Covid-19 would have had on different businesses over the full year. We have already provided detailed guidance on how we want the Covid effect to be described and made clear to investors in the interim financial statements. We expect no less for the full-year audited results."

Tan Boon Gin

Panel Discussion

Resilience is the capacity to take knocks. Resilient organisations may fall to the ground but they are quick to learn, pivot and bounce back. Short-term resilience involves crisis management and vigorous risk management; long-term resilience entails relooking at infrastructure, supply chains, business models, talent development, innovation and digital technology. The pandemic shall pass, but sustainability and resilience will remain with us. How can companies embrace sustainability, build resilience and plan for uncertainty, future-proofing their businesses to remain relevant and successful in the new normal?

Max Loh

Effective boards engage in long-term strategic planning on a regular basis, taking a deep dive periodically to look at whether diversification into different markets, or different business sectors, is needed. For example, Ascendas REIT sold off its China properties years ago to focus on more mature and developed markets in Australia, the UK and the US as part of its refined long-term strategy. Examples of Singapore companies that pivoted during the pandemic include Zouk, which transformed its main dance floor into a spin studio during the day and a cinema club at night. Singapore Airlines offered dining experiences on the ground and behind-the-scenes tours.

Necessity is the mother of invention. Companies should therefore take the opportunity presented by the pandemic to embark on longer term strategic planning to reinvent themselves, rebalance their supply chains and re-examine their business models, using tools such as data analytics, digitalisation, robotic process automation, data audits, etc. The pandemic has proved to be a useful stress test for all companies. It was Sir Winston Churchill, after all, who reminded us to "never let a good crisis go to waste".

Adrian Chan

In the case of CDL, with our core focus on sustainability and ESG (environmental, social and governance) issues, the company's digitalisation strategy was already well advanced when the pandemic struck. Digital marketing and video walk-throughs boosted our residential property sector and increased productivity, even when social distancing measures kicked in. We also adopted construction technologies to improve productivity and reduce labour onsite. For our hotels, more than 80 per cent of our bookings are now done online.

Sustainability translates well into business resilience, as occupational health and safety creates a safe environment for our employees and customers. Internally, we created an enterprise innovation committee to look at corporate innovation ideas. Externally, we collaborated with partners like NUS to create Smart Homes and help build and boost communities. ESG is now mainstream, and no longer a buzzword.

Yiong Yim Ming

Helping companies build resilience is our key focus. In finding solutions, we don't just look at risk but opportunities. The silver lining in Covid-19 is our refocus on people development, creating collaborations and networks to pay it forward.

In finding solutions, you have to stretch the imagination from what is possible, and be nimble and flexible. Having no choice but to go digital has proven to be a boon for some companies who have been forced to embrace innovation. You could call this a "rainbow swan" event (as opposed to a black swan). Scenario planning and a constant sense of crisis management could help boards in their oversight of risk strategy. Businesses must take the risk of obsolescence seriously.

Kathy Lai

Why Board Diversity Matters

A cognitively diverse board brings different experiences and viewpoints to the board's deliberations. SID invited select board members on nominating committees to explore thought processes and deliberate strategies that can ensure diversity and inclusion on their boards.

SID and Willis Towers Watson launched the inaugural Singapore Board Diversity Index in September 2020. This first-of-its-kind index assessed more than 700 companies with primary listings on the Singapore Exchange, across eight dimensions of board diversity – gender, age, tenure, independence, cultural ethnicity, international experience, domain expertise, and industry knowledge. (See "Measuring Diversity on Boards", *SID Directors Bulletin*, Q1 2021)

In a follow-up session on 26 January 2021, a panel of nominating committee board members were invited to share their views on how progressive board practices can ensure diversity and inclusion.

Best-in-class

The panel was moderated by Mr Adrian Chan, SID Vice Chairman. Panel members were Ms Michelle Cheo, CEO and Executive Director of Mewah International; Ms Luo Dan, board member of Yeo Hiap Seng; Mr Shai Ganu, Executive Compensation Global Practice Leader at Willis Towers Watson; and Mr Nihal Vijaya Devadas Kaviratne, board member of Starhub.

Ms Junie Foo, SID council member, welcomed the panel members and more than 50 participants to the webinar. Mr Ganu, lead researcher of the Singapore Board Diversity Index 2020, took the audience through the key findings of the survey.

While acknowledging the strong correlation between board diversity and company performance, he highlighted that high scores did not necessarily equate to good governance. A diverse board, however, encourages considered decision-making and different perspectives.

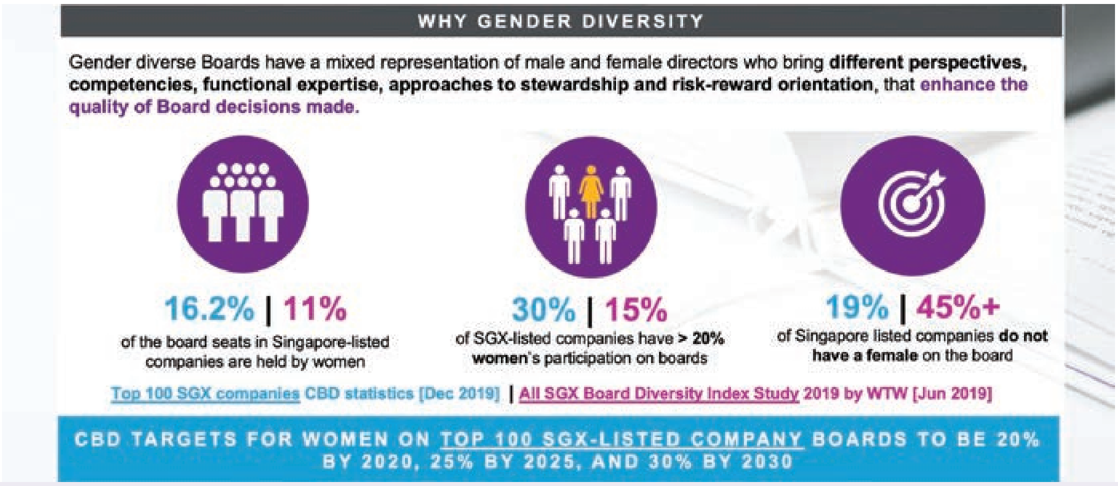
The presentation focused on three aspects of board diversity: gender, tenure and independence.

Women hold only 11 per cent of board seats, and more than 45 per cent of all listed companies in Singapore do not have a woman director. Of the 421 women who are directors, the average age is 54 years (compared to 59 years for men), and the average tenure is 4.6 years (compared to 5.7 years for men). See box, "Gender Diversity".

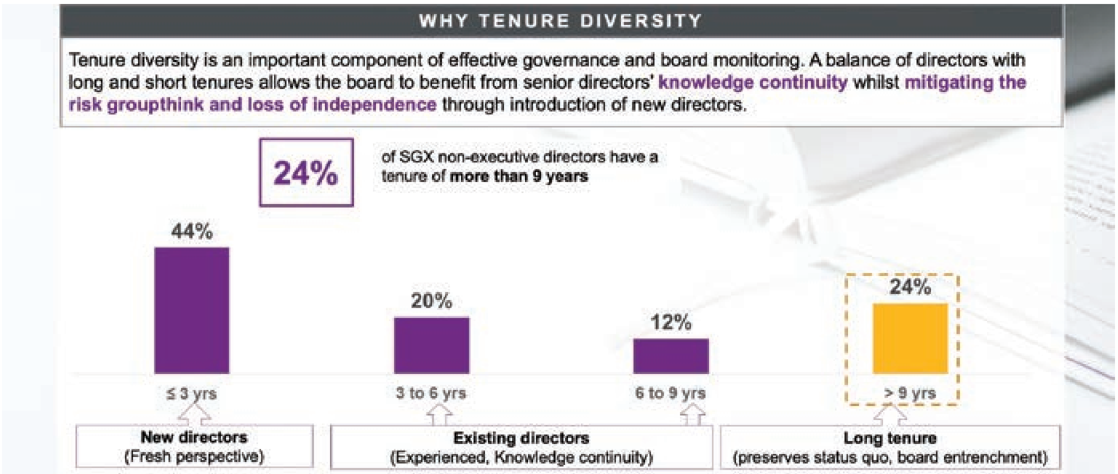
Just under a quarter (24 per cent) of all non-executive directors on Singapore listed companies have a tenure of more than nine years. Of the 540 independent non-executive directors who have served more than nine years, 30 are women. See box, "Tenure Diversity".

On average, independent directors comprise 53 per cent of all boards of listed companies, and only 42 per cent of listed company boards have a majority of independent directors. See box, "Independence of the Board".

Gender Diversity



Tenure Diversity



Independence of the Board

Panel discussion

During the panel session that followed the presentation, speakers shared their personal journeys and perspectives on building diverse boards and offered suggestions on how to move the needle on board diversity.

How do diverse boards become effective boards?

“To help a diverse board become a truly effective board, the chairman’s leadership plays a critical role. The chairman needs to set the right tone and be the role model in creating an atmosphere for every board member to feel at ease in the boardroom. The board culture plays an important part here, and the chairman is the key driver to create an inclusive culture in the board.

Luo Dan

“Diversity brings different perspectives and experiences to bear. Earlier, I was associated with a board of a company which sold feminine care products and baby care products, with an all-male board. Diversity affords the ability to understand all-important issues in decision making.

Nihal Kaviratne

“There is a need for stronger diversity of domain expertise on boards. We have a large proportion of of directors who are businessmen, lawyers and accountants, especially in smaller companies. And whilst those skills are important, companies also need directors who have expertise in public relations, technology, cyber security, human capital and risk management. This might provide the right balance to help future-proof the organisation.

Shai Ganu

“It is important to give credence to people who don’t think like you. A diverse board ensures a full spread of ideas. The decision-making process values inputs from everyone and ensures there is no groupthink.

Michelle Cheo

What advice would you give on best practices to build diverse boards?

Genuine trust and mutual respect are critical in ensuring board dynamics. It takes time to engage and build relationships within the boardroom. We have to bear in mind that differences in thoughts and opinions can help make you comfortable with discomfort.

Nihal Kaviratne

The fit is important. Board dynamics and natural friendships are things that cannot be forced. Having said that, the unconscious bias of some boards against diversity in gender, age and race, for instance, should be challenged.

Michelle Cheo

Clear intent is very important. In addition to visible forms of diversity, companies should also focus on having a balance of different stewardship styles. What is important is to ensure cognitive diversity and inclusive board dynamics.

Shai Ganu

Building a diverse board does not come about naturally or by accident. It has to be intentional, purposeful and implemented with a sense of advocacy. Good board dynamics has knock-on effects and needs to be deliberate.

Luo Dan

Would regulatory measures or quotas help improve board diversity?

Singapore companies are far from where they need to be, in terms of board diversity. To help achieve the results that we as a society should aspire to, companies should be encouraged to voluntarily set and self-declare their individual diversity targets. Each company could have a different target and timeframe based on their starting point and the board's aspirations – but even this would more likely lead to positive change, as every time you make a commitment publicly, companies tend to stick to that commitment.

Shai Ganu

Having a quota could be a catalyst for boards to drive change forward. After all, the effort of local communities on board diversity issues so far does not seem to have moved the needle.

Luo Dan

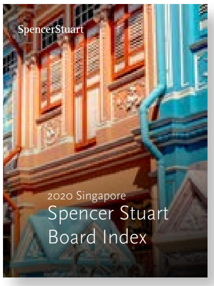
Introducing quotas may result in unintended consequences, such as tokenism. Women directors don't want to be seen as lacking in parity and forced or legislated onto organisations. Their strengths should speak for themselves. The perception of token women directors is very disparaging to the cause. For a board to function effectively, you need to have the respect of each and every board member.

Michelle Cheo

The train has already left the station. Quotas and targets aside, there is a growing investor insistence on board diversity. Asset managers are voting and making investment decisions based on sustainability and diversity. Corporate Singapore needs to proactively train and develop women who are board-ready. Mindset change needs to happen from the top.

Nihal Kaviratne ■

Highlights from 2020 Singapore Spencer Stuart Board Index



Much has changed since the 2018 release of the Singapore Board Index by Spencer Stuart. While Covid-19 has dominated the headlines of the past 12 months, there have also been noteworthy changes in governance trends.

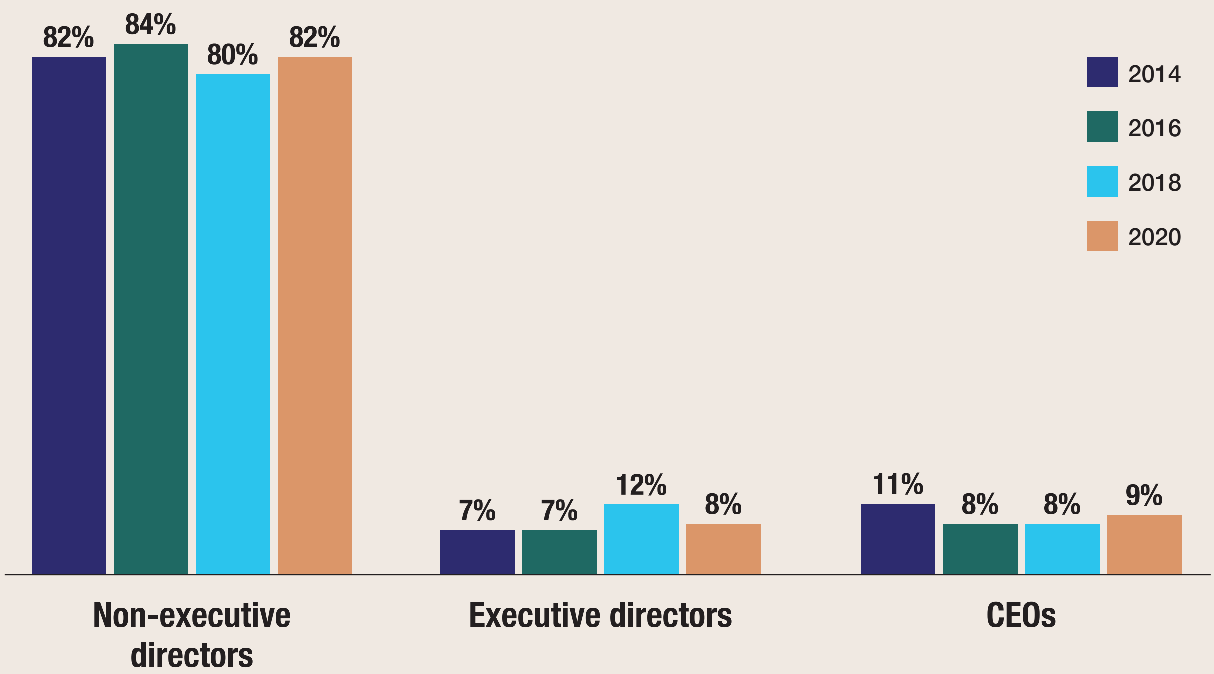
Amid the pandemic and, at times, seemingly insurmountable financial challenges, there have been inspiring examples of resiliency as leaders learn to work together while uniting and motivating their teams in a virtual environment.

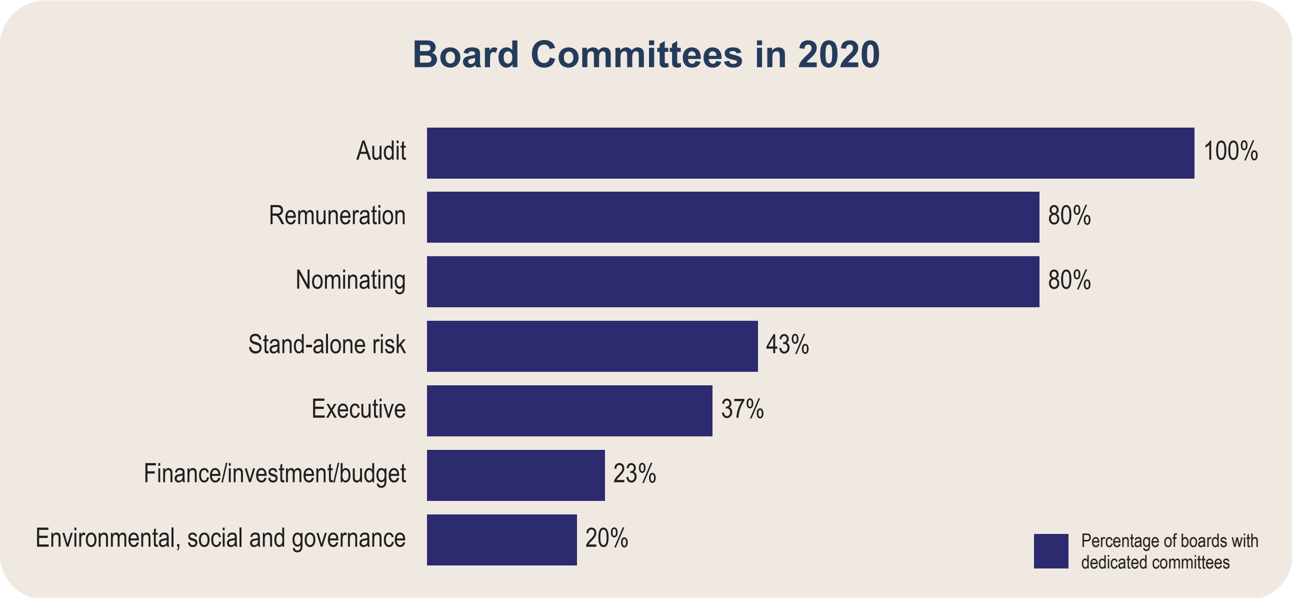
The 2020 edition of the Singapore Spencer Stuart Board Index outlines the governance data and practices for 30 companies of the Straits Times Index, as of August 2020. In addition to the data, Singapore leaders and board directors were interviewed, to understand the implications of these findings for their organisations, and the trends they see broadly within their industries.

Changing board composition mix

Executive representation on boards has declined and continues to be low relative to other countries. The proportion of executive directors slipped to 8 per cent in 2020, from 12 per cent in 2018, (See box, "Directors in the Boardroom"). Ultimately, that could lead to a smaller Singapore-based talent pool of qualified and prepared candidates for board service in the future.

Directors in the Boardroom





Mr Loh Boon Chye, CEO of Singapore Exchange, said he has seen boards increase in size to bring on an executive director, adding, "Executives bring to boards hands-on management experience. Companies could consider co-opting first-time directors onto sub-committees to build experience and widen the pool of directors. This will aid board renewal and help position companies for a post-Covid environment. Boards will also benefit from a more diverse and deeper board bench."

Shifting priorities and interests of stakeholders

Many boards are dealing with the rise of issues such as sustainability, environmental, social and corporate governance (ESG), consumer experience, digital and others, by establishing new board committees focusing on these areas. (See box, "Board Committees in 2020").

Mr Shirish Apte, former chairman of Asia Pacific at Citi and an independent director for IHH Healthcare Berhad and Commonwealth Bank, observed, "More new committees are emerging, including technology, sustainability and / or ESG. These are very complex subjects and if a company is focused on them or needs to transform in reaction to a need related to them, the board needs to get more involved. The responsibility of boards is really increasing."

Hybrid meetings and working relationships

For the foreseeable future, in-person meetings – which have long been the standard for board decision-making – will be challenging.

Mr Tang Kin Fei, chairman of SIA Engineering Company, as well as compensation & HR committee chairman and non-executive and independent director, observed, "Virtual meetings are necessary in a Covid-19 environment. However, it cannot be a sustainable solution for a prolonged period. Personal contacts and understanding are essential to build trust and confidence not only between board members but also between the board and management."

Unquestionably, 2020 has caused many – if not all – organisations to rethink and redefine goals while adopting new business models and strategies to attain them. Yet, resilience is a hallmark of success. Boards are finding creative ways to help their organisations and leadership teams evolve from surviving to thriving. ■

The full report is available at www.spencerstuart.com.

How Boards are Navigating Governance Challenges Post-Covid

Boards worldwide, and in Singapore, were generally satisfied with their own performance and that of their organisations through the Covid-19 pandemic, a recent report shows. The Global Network of Director Institutes (GNDI) surveyed close to 2,000 directors across the globe on a number of topics related to how boards handled the economic and social impacts of the global health crisis.

A collaborative effort between the GNDI member organisations, representing more than 150,000 corporate board members worldwide, the survey was conducted in August 2020 by NACD and Marsh & McLennan Companies. The report underscores the common themes and shared purpose that links this global community of directors.

Outlined below are highlights of the report's key findings:

- **Mixed report card for directors and their management teams**

Globally, 72 per cent of directors surveyed were pleased with their crisis response and ability to provide oversight during the crisis, with 89 per cent expressing satisfaction that the board was able to govern effectively in the new environment. In Singapore, confidence was more tempered, with 58 per cent rating their organisation's crisis response as effective, and 72 per cent satisfied that the board was able to govern effectively during the crisis. See box, "How the Board Performed (Singapore)".

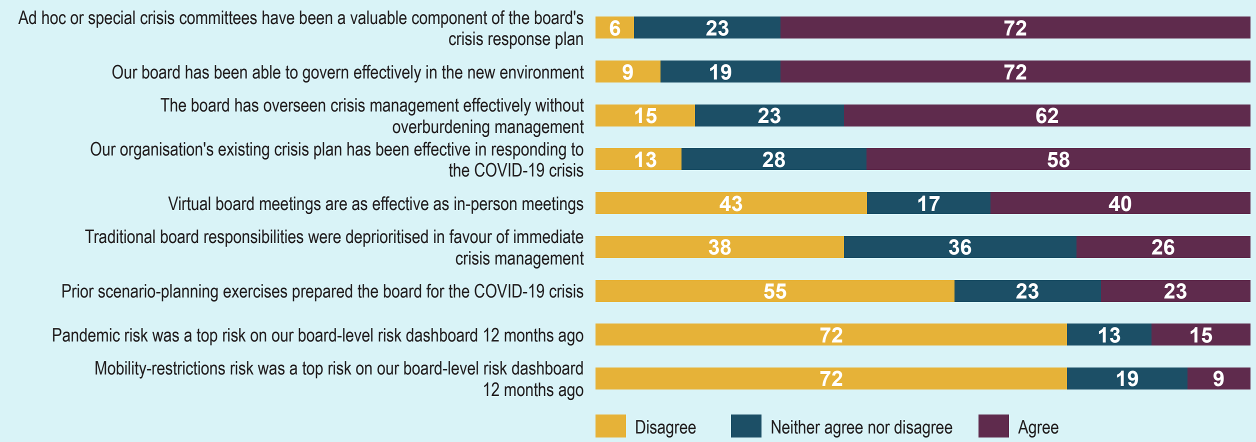
Just 23 per cent of directors in Singapore credited prior scenario planning as a key factor in their ability to navigate the disruption caused by the pandemic, compared to 32 per cent globally. And only 15 per cent of boards here (14 per cent worldwide) had "pandemic risk" listed as a top risk before the crisis.

- **Gaps in digital competence and technology infrastructure**

Digital competence was ranked as the weakest organisational asset, both globally and in Singapore. When asked to rate organisational strengths in the company's response to the Covid-19 crisis, 49 per cent of respondents in Singapore cited digital competence (compared to 61 per cent

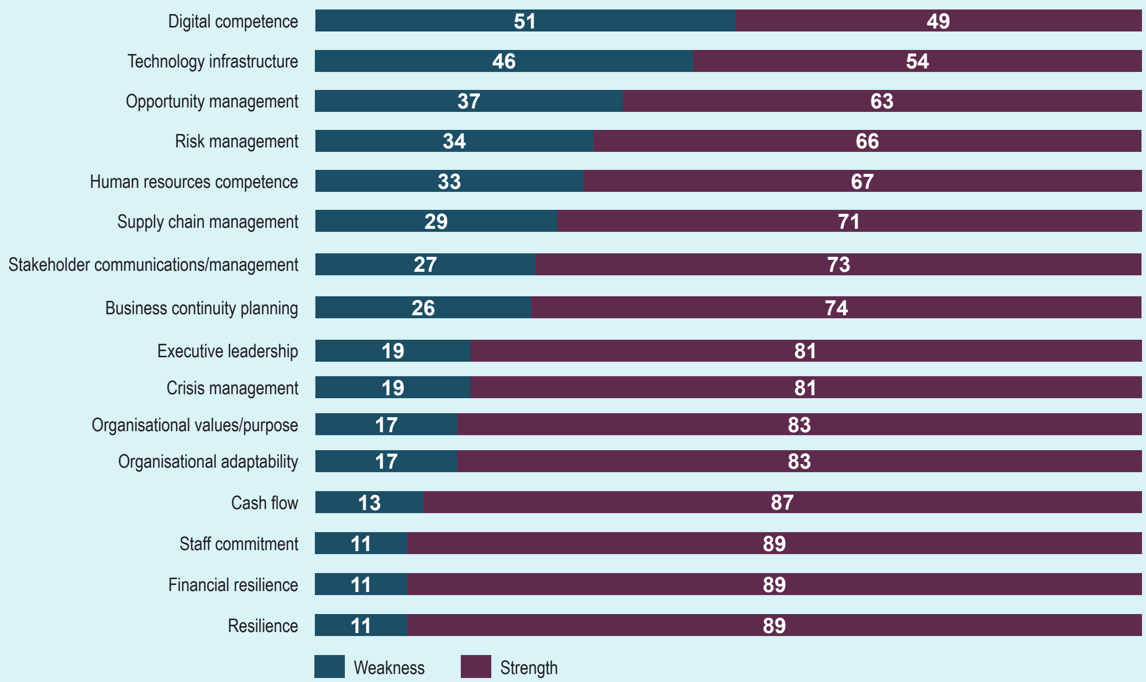
How the Board Performed (Singapore)

To what extent do you agree or disagree with the following statements?



Perceived Organisational Strengths and Weaknesses (Singapore)

Please rate each of the following areas as either an organisational strength or weakness in the company's response to the COVID-19 crisis.



worldwide). Technology infrastructure fared slightly better, with 54 per cent of respondents in Singapore citing it as an organisational strength. See box, "Perceived Organisational Strengths and Weaknesses (Singapore)".

Conversely, staff commitment was seen as one of the top-rated organisatonsal strengths, among 89 per cent of directors surveyed in Singapore (93 per cent worldwide). Resilience and financial resilience were also ranked highly as organisational strengths.

- **Increased emphasis on risk in 2021 and beyond**

70 per cent of directors surveyed (globally and in Singapore) indicated they expect to see a greater role for outside experts in risk scenario planning and decision making, with a focus on anticipating future challenges.

- **Virtual board meetings are here to stay**

Among those surveyed, directors rated losing nonverbal communication as the top challenge of adapting to a virtual operating environment, with only 49 per cent globally (40 per cent in Singapore) finding virtual meetings as effective as in-person meetings. However, 89 per cent of respondents worldwide (80 per cent in Singapore) anticipate that digital tools will be an important resource for boards going forward.

- **Increased director time commitment**

Two-thirds of directors surveyed across the world, including in Singapore, reported that over the past year their time commitment increased by 50 per cent or more, with the highest-ranked issue related to time spent with management to recalibrate strategy in response to short- and longer-term changes in the Covid-19 operating environment. ■

The Global Network of Director Institutes 2020–2021 Survey Report was fielded from August to November 2020 and drew on responses from nearly 2,000 directors representing 17 director institutes worldwide.
A full copy of the report is available at the SID website.

Current Topics

Reimagining Your Cyber Security Strategy

Around 35 participants attended the online webcast to learn more about "Reimagining Your Cyber Security Strategy" on 9 February 2021.

Mr Tan Shong Ye, Digital Trust Leader, PwC Singapore, kicked off the presentation with an overview of the digital threat landscape. The *DRI Internal Global Risk and Resilience Trends Report 2020* highlighted that of the top 10 threats to organisations globally, half were cyber-related: major cyber attack, severe data breach, IT outage, carrier network infrastructure technical fault, and social media attack.

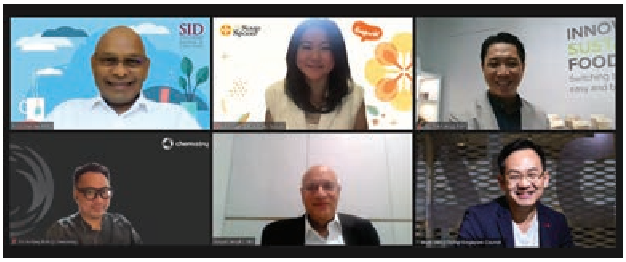
The Covid-19 pandemic has accelerated digitalisation and brings new risks associated with cyber security. Participants discussed the potential threats organisations are likely to face and the type of attacks to look out for.

Mr Tan was joined by Mr Lee Wee Lee and Mr Tam Huynh, both from the Cyber Security function of PwC. They facilitated smaller group discussions about the impact of cyber attacks on cloud, ransomware, phishing and emails.

Among some of the directors' questions were: (1) How do you quantify the damage? (2) How much should organisations invest in cyber security? (3) How should directors keep abreast of these threats? (4) How to grapple with such information? ■

Redesign Business Models Towards Sustainability

On 10 February 2021, SID, in partnership with DesignSingapore Council organised a session on "Redesign Business Models Towards Sustainability" on Zoom.



Mr Mark Wee, Executive Director of DesignSingapore Council provided an overview on the business value of sustainability. The attendees also gleaned some tips from Dr Jeffrey Koh, Partner and Director of Strategic Ventures at Chemistry Team, on business models and design strategies to redesign businesses for circularity.

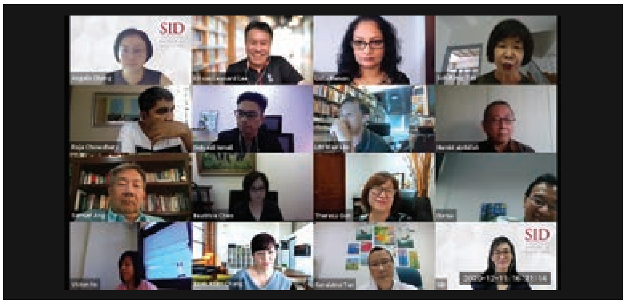
The founder of The Soup Spoon, Ms Anna Lim shared her success story on how she tapped on sustainability as a way to innovate and internationalise the business. The last presentation was by Mr Ng Pei Kang, CEO of TRIA, who shared about the circular foodservice system.

The session ended with a panel discussion led by Prof Seeram Ramakrishna from NUS and a member of UNESCO expert group on sustainability. The discussion covered issues on greenwashing, cost impact on businesses and consumers and more. ■

SGOOD Alumni Reunion – Class of 2019/2020

The Governance for Outstanding Organisation Directors (SGOOD) Programme is developed around the learning needs of board members of nonprofit organisations, at various stages of their directorship journey. Since its launch in 2019, 315 participants have taken at least one of the eight modules on offer.

An event to bring together participants from the class of 2019/2020 was held online on 11 December 2020. The reunion included sharing by participants, breakout group discussions on common board challenges and tested solutions as well as "what next" updates by collaborating organisations SID, Social Service Institute and Centre for Non-Profit Leadership. ■



Comments by SGOOD alumni:

"Board role knowledge gained, sector insights and network exchanges were the highlights of the SGOOD experience."

Staphnie Tang
President, Breast Cancer Foundation

"The sharing of best practices and challenges was done in an open and safe environment. Case studies were exceptionally useful as the various presenters shared candidly about challenges and how they overcame them."

Beatrice Chen
Board member, AWWA

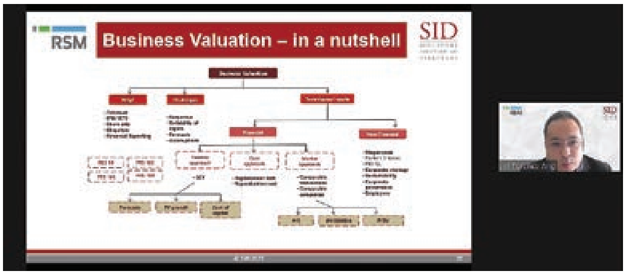
"I am personally enlightened to know there are so many variants in Singapore's do-good organisations. It will be great value creation if we can have a collaboration group that can help NPOs work together on projects that share common interests and synergy."

Samuel Ang
Board member, Thye Hua Kwan Moral Charities

AC Pit-Stop

Valuation – Addressing Uncertainty

The ongoing uncertainty about when individual sectors and countries will recover from the crisis should prompt audit committees (ACs) to question firms' assumptions, assessments and projections of their financial health more rigorously. Experts from RSM Singapore explored the theme of "Valuation – Addressing Challenges in Uncertain Economic Times" at the SID AC Chapter Pit-Stop session on 19 February 2021.



Mr Terence Ang, a Partner in Corporate Advisory and Head of Valuation Advisory in RSM Singapore, offered tips on navigating the new normal: 1. Recognise that price may not always equal value; 2. Scrutinise cash flow projections carefully; 3. Take note of the pandemic's impact on discount rates; 4. Be cautious with market data; 5. Remember that rigour is critical, and expertise is key. He stressed that: "Valuation is not an art, it is a craft. There are rules."

Mr Tay Woon Teck, a Partner and Managing Director of Business Consulting in RSM Singapore, added that more in-depth knowledge of valuation will be useful beyond the Covid-19 crisis and its aftermath. ■

SID-CNPL Leaders Lab

Board Appointment Guide for Charities

SID, together with the Council for Board Diversity, EY Singapore and NVPC's Centre for Non-Profit Leadership (CNPL) held a Leaders Lab webinar on 24 February 2021. Over 200 participants registered for the online event. Speakers included Dr Gerard Ee, Chairman of Charity Council; Ms Theresa Goh, SID Governing Council member; Ms Veron Wong, Partner at EY Singapore; and Mr Suhaimi Zainul-Abidin, board member of Council for Board Diversity.

The Board Appointment Guide for Charities was launched during the event. A collaborative effort by the four organisations, the Guide includes valuable insights from board leaders with deep experience in both the corporate and charity sectors. It aims to serve as a practical tool to help charities navigate succession and appointment of the right leaders for their future. It encourages charities to consider

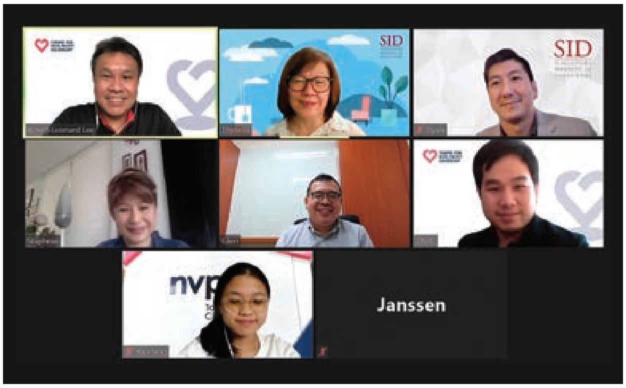
their board composition and the importance of including wider forms of diversity on the board such as gender, ethnicity and age.

SID also announced the launch of a the new BoardMatch Premium Service, in collaboration with CNPL. The BoardMatch Premium Service will enable nonproft organisations (NPOs) to extend the pool of qualified candidates for board or committee member roles by tapping on SID's extensive base of available directors. ■

Passion vs Competency

The Leaders Lab – Passion vs Competency forum on 25 February 2021 is targeted at helping charities understand what drives Passion for Mission and how they can strengthen competencies for good governance. The session highlighted important criteria for charities when selecting board members, and the state of board leadership today. Charities were encouraged to have a diverse board, and were also introduced to various ways they can go about finding suitable board members.

Challenges in balancing Passion vs Competency, and ways to overcome related hurdles were discussed. Over 30 participants joined in the session, and were introduced to the NPO Directorship Journey Map, whereby various SID courses such as SGOOD Fundamentals (So, You Want to be a NonProfit Director), as well



as other SGOOD Essential Programmes to help build competencies.

The session ended with a panel discussion involving Dr Fermin Diez, Deputy CEO, National Council of Social Services; Ms Theresa Goh, SID Council member; Ms Staphnie Tang, President of the Breast Cancer Foundation; and Mr Glen Ong, Executive Director of The Girls' Brigade Singapore. ■

Director Appointments

SID members appointed as directors of listed companies during the period 1 December 2020 to 28 February 2021.

COMPANY	PERSON	DESIGNATION
AEI Corporation Ltd	Joshua Siow Chee Keong	Independent Director
AEM Holdings Ltd	Loke Wai San	Non-Executive Chairman
Anchor Resources Limited	Chua Ser Miang	Non-Executive Chairman
Anchor Resources Limited	Juliana Lee Kim Lian	Independent Director
Anchor Resources Limited	Lim Beng Chew	Executive Director
Banyan Tree Holdings Limited	Tan Chian Khong	Independent Director
City Developments Limited	Philip Lee Jee Cheng	Independent Director
Dyna-Mac Holdings Ltd	Henry Tan Song Kok	Independent Director
Fragrance Group Limited	Tham Chee Soon	Independent Director
Full Apex (Holdings) Ltd	Chng Hee Kok	Independent Director
Full Apex (Holdings) Ltd	Er Kwong Wah	Independent Director
Fu Yu Corporation Limited	Choo Boon Tiong	Executive Director
Fu Yu Corporation Limited	David Seow Jun Hao	Executive Director
GRP Limited	Kwan Yu Wen	Non-Executive Director
ISOTeam Ltd	Teo Ho Pin	Independent Director
Jardine Cycle & Carriage Ltd	Tan Yen Yen	Independent Director
Katrina Group Ltd	Tan Kong King	Independent Director
Livingstone Health Holdings Limited	Teh Wing Kwan	Non-Executive Chairman
Livingstone Health Holdings Limited	Wilson Tay Ching Yit	Executive Director
Manhattan Resources Limited	Tang Kin Fei	Non-Executive Chairman
Metal Component Engineering Limited	Cynthia Leow Siew Yon	Independent Director
Nippecraft Limited	Jeffrey Khoo Song Koon	Non-Executive Chairman
NutryFarm International Limited	Lee Pih Peng	Independent Director
P5 Capital Holdings Ltd	William Chia Soon Hin	Independent Director
Pollux Properties Ltd	Paul Tan Lye Heng	Independent Director
Reenova Investment Holding Limited	Lee Ka Shao	Independent Director
SBS Transit Ltd	Yang Ban Seng	Non-Executive Director
SembCorp Industries Ltd	Lim Ming Yan	Independent Director
Starland Holdings Limited	Kwan Yu Wen	Executive Director
Sysma Holdings Limited	Richard Tan Kheng Swee	Independent Director
Tat Seng Packaging Group Ltd	Lien Kait Long	Non-Executive Chairman
TEE International Limited	Hoon Chee Wai	Independent Director
Tuan Sing Holdings Limited	Richard Eu Yee Ming	Non-Executive Chairman
V2Y Corporation Ltd	Boey Souk-Tann	Independent Director
V2Y Corporation Ltd	Jeffrey Ong Shen Chieh	Executive Director

Of Sneakers and Swig in Suburbia

By **JOE POON**
Council member, SID

AFTER HOURS

Growing up in Toa Payoh in the 1970s, one of the topics that always intrigued my young mind was the concept of community.

Were the families in my HDB block a community, or was that only true for the folks who occupied Level 9? For that matter, did those who live on the same altitude above ground level across the estate form some kind of bond?

The common thread that bound us all was unfussed optimism. While not having much in material terms, life was celebrated in the form of everyday wins.

Got your first telephone installed? Great! Going on your first holiday with Nam Ho Travel Agency? Fantastic!

There was a sense of optimism amongst the mostly young population that their lives were better than their parents', and that their children would be better off than them.

Suburbia

That connection and curiosity about local environs and people remained even as I grew up, studied, and worked across Europe and Asia. Wherever I travelled, I always made it a point to take time out to visit the nondescript suburbs which always fascinates me. Beyond the banking districts, the museums and the palaces, in the terraces and tenements, lie the beating heart and also the soul of the nation.

While I knew that I would never produce any interesting photo albums from those neighbourhoods, it was always heart-warming to see those familiar lived-in homes, streets, shops and cafes.

In my mind, the local haunts speak of a yearning for a better tomorrow and a keen appreciation of today – played out across the world and through the decades.

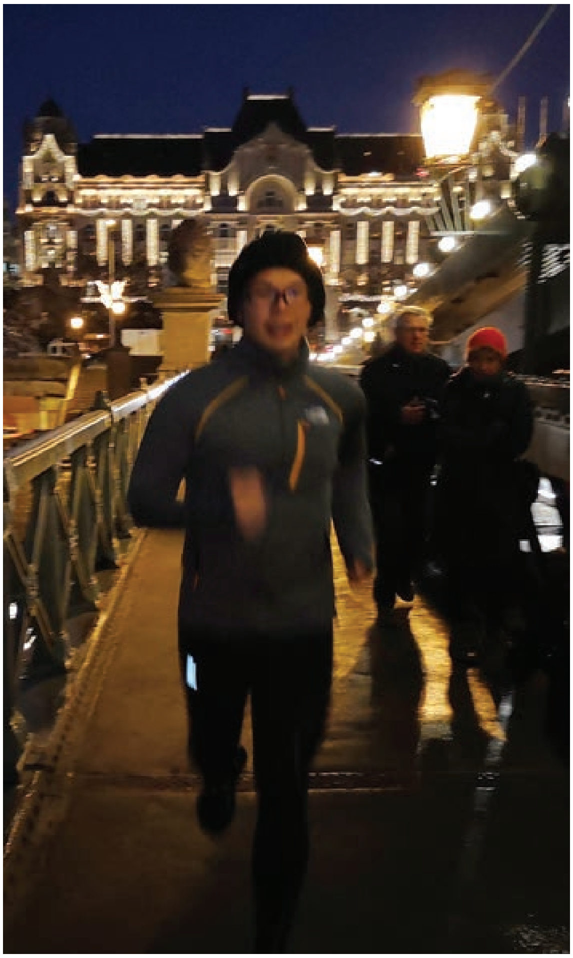
Sneakers and swig

Those detours meant trading my business suits and Oxfords for running tights and sneakers. It was liberating and certainly cheaper to hit the pavements and take in the sights of people going about their everyday lives.

The physical exertions also injected good doses of endorphins. These were needed to kick the social part of me into gear, and enabled me to reach out and connect with the locals.

More often than not, endorphins were insufficient. Beer was an additional social lubricant.

While William Shakespeare noted that "a quart of ale is a dish for a king", nothing is more human and humbling than sitting down and sharing a drink with that Hungarian pensioner who survived not just the tanks from the uprising in 1956, through the collapse of the Warsaw pact, to the gut-wrenching changes at the turn of this century.



From Budapest to Bangkok, lager and laughter break down language and social barriers. They let us see beyond our superficial differences and let us bond or at least bemoan the similar travails of life.

Time and again, this combination of giving thanks for life's little wins and pausing to absorb the wonders around us, gives us reason to hope for a better future. Not just for ourselves, but for our children and their children.

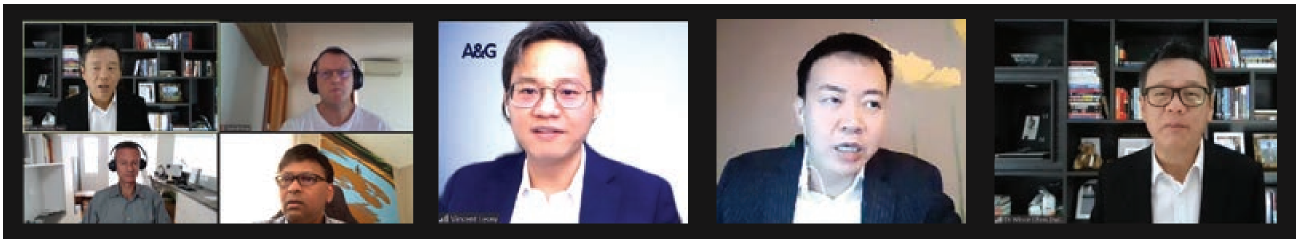
As we emerge from the pandemic and its accompanying socioeconomic upheavals, we might do well to emulate these everyday heroes and celebrate the simple joys. ■

SID-INSEAD International Directors Programme, Modules 1 & 2 • 14-17 December 2020, 3-5 February 2021

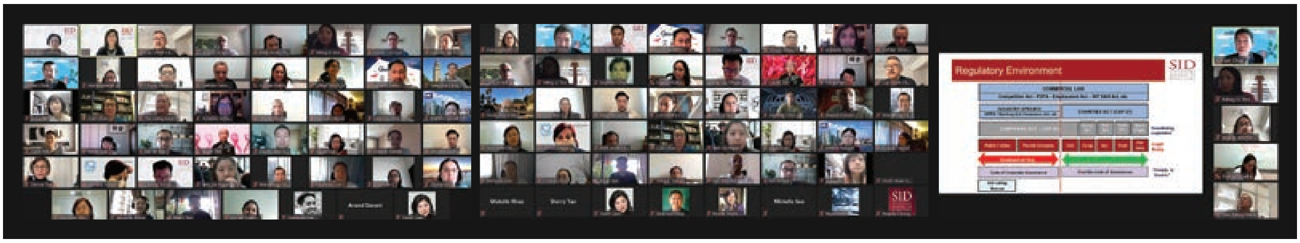
SID-SMU Singapore Directorship Programme Modeules 1 & 2 • 6-8 January, 17-19 February 2021

So, You Want to be a Director • 3 February 2021

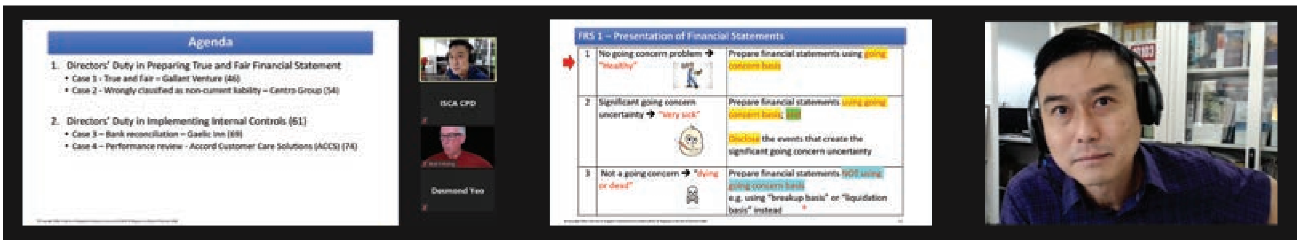
Board and Director Fundamentals • 17-18 February 2021



So, You Want to be a NonProfit Director • 23 February 2021



Director Financial Reporting Fundamentals • 25-26 February 2021



SID's Q1 Events (Jan-Mar 2021)

DATE	TYPE	EVENT DETAILS
6-8 Jan 2021	PD	SDP1: The Role of Directors
12 Jan 2021	Event	ACRA-SGX-SID Audit Committee Seminar
26 Jan 2021	Event	Why Board Diversity Matters: Lessons from Best-in-Class Companies
3 Feb 2021	PD	SYD: So, You Want to be a Director
3-5 Feb 2021	PD	IDP2: Board Dynamics, Efficiency and the Role of Committees
9 Feb 2021	PD	CTP1: Reimagining your Cyber Security Strategy
10 Feb 2021	PD	CTP3: Redesign Business Models Towards Sustainability
17-18 Feb 2021	PD	BDF: Board and Director Fundamentals
17-19 Feb 2021	PD	SDP2: Assessing Strategic Performance
18 Feb 2021	PD	ACP1: Valuation: Addressing Challenges in Uncertain Economic Times
23 Feb 2021	PD	SYN: So, You Want to be a NonProfit Director
24 Feb 2021	Event	Leaders Lab Webinar: Board Appointment Guide for Charities
25 Feb 2021	Event	Leaders Lab Webinar: Passion vs Competence
25-26 Feb 2021	PD	DFF: Director Financial Reporting Fundamentals
1-2 Mar 2021	PD	LED1: Listed Entity Director Essentials
3 Mar 2021	PD	LED2: Board Dynamics
3 Mar 2021	PD	CTP10: Global Virtual Roundtable – The Board's Role in Reimagining the Workforce
4 Mar 2021	PD	LED3: Board Performance
5 Mar 2021	PD	LED4: Stakeholder Engagement
8-10 Mar 2021	PD	SDP3: Finance for Directors
11 Mar 2021	PD	LED5: Audit Committee Essentials
12 Mar 2021	PD	LED6: Board Risk Committee Essentials
16 Mar 2021	PD	LED7: Nominating Committee Essentials
17 Mar 2021	PD	LED8: Remuneration Committee Essentials
23 Mar 2021	PD	SGD1: Essentials for NonProfit Board Leadership

Upcoming Events

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
MCD2: Creating Value at Board Level	19 Apr 2021	0900 to 1300	M Hotel
SGD2: Board Dynamics	20 Apr 2021	0900 to 1300	ONLINE
IDP3: Developing Directors and their Boards	28-30 Apr 2021	0900 to 1730	INSEAD Campus
SDP1: The Role of Directors	5-7 May 2021	0900 to 1730	SMU Campus
LED1: Listed Entity Director Essentials	17-18 May 2021	0900 to 1300	ONLINE
LED2: Board Performance	19 May 2021	0900 to 1300	ONLINE
LED3: Board Dynamics	20 May 2021	0900 to 1300	ONLINE
LED4: Stakeholder Engagement	21 May 2021	0900 to 1300	ONLINE
SGD3: Board and Management Dynamics	25 May 2021	0900 to 1300	ONLINE
IDP1: Board Fundamentals	14-16 Jun 2021	0900 to 1730	INSEAD Campus
IDP1: Board Fundamentals	16-18 Jun 2021	0900 to 1730	INSEAD Campus
SGD4: Talent and Volunteer Management	22 Jun 2021	0900 to 1300	ONLINE
SDP2: Assessing Strategic Performance	23-25 Jun 2021	0900 to 1730	SMU Campus
BDF: Board and Director Fundamentals	29-30 Jun 2021	0900 to 1315	ONLINE
DFF: Director Financial Reporting Fundamentals	1-2 Jul 2021	0900 to 1300	ONLINE
EGP: Enterprise Governance Programme	6 Jul 2021	0900 to 1300	M Hotel
SYD: So, You Want to be a Director	7 Jul 2021	1030 to 1230	ONLINE
LED1: Listed Entity Director Essentials	13-14 Jul 2021	0900 to 1300	ONLINE
LED2: Board Performance	15 Jul 2021	0900 to 1300	ONLINE
LED3: Board Dynamics	16 Jul 2021	0900 to 1300	ONLINE
LED4: Stakeholder Engagement	19 Jul 2021	0900 to 1300	ONLINE
LED5: Audit Committee Essentials	21 Jul 2021	0900 to 1300	ONLINE
LED6: Board Risk Committee Essentials	22 Jul 2021	0900 to 1300	ONLINE
LED7: Nominating Committee Essentials	23 Jul 2021	0900 to 1300	ONLINE
SGD5: Strategy and Board Performance	27 Jul 2021	0900 to 1300	ONLINE
BFS3: Artificial Intelligence and Ethics for Directors	28 Jul 2021	0900 to 1300	M Hotel
LED8: Remuneration Committee Essentials	29 Jul 2021	0900 to 1300	ONLINE
SDP3: Finance for Directors	2-4 Aug 2021	0900 to 1730	SMU Campus
SYN: So, You Want to be a NonProfit Director	11 Aug 2021	0900 to 1230	ONLINE
BFS1: Disruptive Technologies for Directors	12 Aug 2021	0900 to 1300	Raffles City Tower
MCD4: Enterprise and Strategic Risk Management	13 Aug 2021	0900 to 1300	M Hotel
SDF: Startup Director Fundamentals	19 Aug 2021	0930 to 1200	ONLINE
SGD6: Financial Management and Accountability	24 Aug 2021	0900 to 1300	ONLINE
MCD3: The Board in Strategy Formulation	1 Sep 2021	0900 to 1700	M Hotel
SDP4: Risk and Crisis Management	9-10 Sep 2021	0900 to 1730	SMU Campus
BFS2: Cyber Security for Directors	23 Sep 2021	0900 to 1300	Kallang Place
IDP2: Board Dynamics, Efficiency and the Role of Committees	27-29 Sep 2021	0900 to 1730	INSEAD Campus
SGD7: Fundraising, Advocacy and Research	28 Sep 2021	0900 to 1300	ONLINE
BDF: Board and Director Fundamentals	29-30 Sep 2021	1300 to 1700	ONLINE
LED1: Listed Entity Director Essentials	5-6 Oct 2021	0900 to 1300	ONLINE
LED2: Board Performance	7 Oct 2021	0900 to 1300	ONLINE
LED3: Board Dynamics	8 Oct 2021	0900 to 1300	ONLINE
LED4: Stakeholder Engagement	12 Oct 2021	0900 to 1300	ONLINE

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
IDP2: Board Dynamics, Efficiency and the Role of Committees	11-13 Oct 2021	0900 to 1730	INSEAD Campus
LED5: Audit Committee Essentials	13 Oct 2021	0900 to 1300	ONLINE
LED6: Board Risk Committee Essentials	14 Oct 2021	0900 to 1300	ONLINE
SDP5: Strategic CSR and Business Valuation	14-15 Oct 2021	0900 to 1730	SMU Campus
LED7: Nominating Committee Essentials	19 Oct 2021	0900 to 1300	ONLINE
MCD1: Boards and Political Networks	20 Oct 2021	0900 to 1300	M Hotel
LED8: Remunerating Committee Essentials	22 Oct 2021	0900 to 1300	ONLINE
LEDM: Listed Entity Director Programme (Mandarin) Core	25-29 Oct 2021	0900 to 1300	ONLINE
IDP2: Board Dynamics, Efficiency and the Role of Committees	11-13 Oct 2021	0900 to 1730	INSEAD Campus
SDP5: Strategic CSR and Business Valuation	14-15 Oct 2021	0900 to 1730	SMU Campus
SGD8: Social Trends	26 Oct 2021	0900 to 1300	ONLINE
DFF: Director Financial Reporting Fundamentals	11-12 Nov 2021	0900 to 1300	ONLINE
SDP6: Effective Succession Planning and Compensation Decisions	18-19 Nov 2021	0900 to 1730	SMU Campus
IDP3: Developing Directors and their Boards	13-15 Dec 2021	0900 to 1730	INSEAD Campus
IDP3: Developing Directors and their Boards	15-17 Dec 2021	0900 to 1730	INSEAD Campus

Other Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
CTP4: Business Integrity: Strengthening Your Business	6 Apr 2021	0900 to 1100	ONLINE
ACP2: The Insolvency and Restructuring Regime in Singapore	15 Apr 2021	0900 to 1100	ONLINE
CTP5: Business Integrity: Transforming the Ethics and Compliance Function	22 Apr 2021	0900 to 1100	ONLNE
BDC3: Board Risk Committee	30 Apr 2021	1200 to 1400	Swissotel The Stamford
CTP2: Accelerating Your Digital Transformation	6 May 2021	0900 to 1100	ONLINE
CTP6: Business Integrity: Managing Corporate Investigations	12 May 2021	0900 to 1100	ONLINE
BDC4: Nominating Committee	8 Jun 2021	1200 to 1400	Shangri-La Hotel
CTP7: Future of Corporate Governance	9 Jun 2021	0900 to 1100	ONLINE
CTP11: Global Virtual Roundtable #2	24 Jun 2021	1530 to 1700	ONLINE
BDC5: Remuneration Committee	25 Jun 2021	1200 to 1400	TBC
ACP3: Looking Beyond the Pandemic	30 Jun 2021	0900 to 1100	ONLINE
CTP8: Future of Assurance: Digital Risk	18 Aug 2021	0900 to 1100	ONLINE
ACP4: Crypto Currency, Blockchain and Decentralised Finance	19 Aug 2021	0900 to 1100	ONLINE
CTP9: Executive and Director Remuneration	14 Sep 2021	0900 to 1100	ONLINE
CTP12: Global Virtual Roundtable #3	30 Sep 2021	1530 to 1700	ONLINE
ACP5: Tax Function of Tomorrow	21 Oct 2021	0900 to 1100	ONLINE

Major Events

EVENT	DATE	TIME	VENUE
Singapore Governance and Transparency Index	4 Aug 2021	0900 to 1100	ONLINE
SID Directors Conference	8-9 Sep 2021	0900 to 1300	ONLINE/ Suntec City Convention Centre
Singapore Directorship Report	3 Nov 2021	0900 to 1100	ONLINE
Annual Corporate Governance Roundup	18 Nov 2021	0900 to 1100	ONLINE

All the events listed above are subject to change, according to the ongoing guidelines regarding safe distancing measures related to Covid-19. For the schedule of the Qualified Listed Entity Director Assessment, please refer to www.sid.org.sg for the latest updates.

Welcome to the Family

December 2020

Audra Balasingam
Sidhartha Banerjee
Mkulima Britt
Philip Chau
Chew Ching Li
Chua Keng Woon
Amit Dhingra
Sotirios Dramalis
Ridwan Hamid
Abdullah Tariq Khan
Veronica Lai
Roland Law Boon Seng
Lee Chung Wah
Lim Hui Kwan
Lim Qing Ru
Lim Ruoh Chwin
Liu Yining
Low Swee Fun
Niranjan Manohar Parab
Stuart George Anderson Pearce
Simon John Perrott
Deepak Raajan
Manisha Seewal
Serene Sia Kim Dian
Kanaka Sirpal
Janet Stubbs
Tan Choon Chai
Tan Chor Meng
Kartik Taneja
Teo Ho Pin
Toh Yee Loo
David Wan Ngar Yin
Andrew Dempsey Wolf
Wu Xiuyi
Xu Quanqiang

January 2021

Luis Albertto Acevedo
Esther An Kit Wai
Justin Ang Keng Tiong
Christian Barbier
Saurav Bhattacharyya
Mohamed Haniff Bin Mustafa
Kane Black
Souk-Tann Boey
Angelena Cala Yuhui
Jeff Chan
Chan Kiat
Ben Chester Cheong
Cheong Kwok Leong
Chew Hew Kwang
Ethan Chia Wei Yang
Chiang Yi Shin
Pichappan Chidambaram
Benny Chin Kiang Hua
Choo Yuh Joo
Chua Hoe Sing
Daniel Cullen
Anasuya Dhoraisingam
Robert Dompeling
Arjun Dosaj
Andrew Gan Kah Ann
Galen Goh Eng Hwee
Goh Yeow Hua
Sean Goh Zehan
Taranjot Singh Gulati
Mark Daniel Hodby
Jane Kamneva
Bhavya Kapoor
David Anthony Koay
Daniel Koh Choon Guan
Sanjeev Kumar
Kwan Yu Wen
Nelson Lau
John Conrad Lee
Johnathan Lee
Lee Siew Yian
Vincent Ler Hou Kiat
Li Ying
Liu Yao
Bryan Mak
Albert Maknawi
Balachandran Manyadath
Tim Nedyalkov
June Ong Siow Fong
Paik Kyung Wook
Quek Bin Hwee
Supriyakumar Shrikant Sakhalkar
Shakilla Shahjihan
Apurvi Haridas Sheth
Darwin Silalahi
Surindar Singh
Mark Syn
Wilson Tan Leng Kee
Tan Shao Yi
Kathleen Tan Siok Hwee
Tan Wui-Hua
Lincoln Teo
Dominik Von Wantoch-Rekowski
Wee Siew Kim
Cassandra White
Christopher Williamson
Susie Wong
Woo Kah Wai
Wu Jiat-Hui
Surya Prakash Yadav
Michelle Yeap

February 2021

Haytham Al Essa
Roger Bartlett
Rajiv Biswas
Michael Breuer
Chen Liang
Cynthia Cheong Siok Chin
Cheong Tze Hong
David Chia
Chia Shih Koon
Matteo Chiampo
Benjamin Cho Kuo Kwang
Eliza Chong
Jeslyn Chua Wan Cheng
Bogollagama Chandrasekera Dhakshitha Bandara
Rakesh Dhamija
Pascale Dillon
Francis Ding
Duan Lianzheng
Stephen Forshaw
Maureen Han
George Alan Hellawell III
Stephen Ho Chi Ming
Gary Ho Hock Yong
Mahesh Srinivasan Iyer
Anshul Jain
Fusako Kirinuki
Frank Koo Kok Thong
Vinay Kubatoor Manoharaiah
Anish Lalchandani
Flemming Larsen
Marc Laurence
Jeff Lee Hong Chew
Lee Lee Khoon
Lee Liang Huang
Antony Lee Say Meng
Lee Wan Lik
Lim Fang Wei
Sharon Lim
Victor Lim Wei De
Richie Mui
Aditi Nair
Navinderjeet Singh Naranjan Singh
Ng Seng Chwee
Ng Tian Chong
Ong Siew Koon
Vijai Parwani
Daniel Poh Kai Ren
James Pritchard
Ramakrishna Seeram
David Seow Jun Hao
Anish Kiran Shah
Shi Xu
Dhamma Surya
Tan Khiaw Ngoh
Teoh Hunn Leong
Patrick Teyssonneyre
Segsarn Trai-Ukos
Barbara Voskamp
Inna Wahlberg
Christopher Wong Mun Yick
Michael Yap Kiam Siew
Henry Yong Khai Weng

SID Governing Council 2021

CHAIRMAN
Wong Su-Yen

VICE-CHAIRMAN
Adrian Chan

TREASURER
Ramlee Buang

COUNCIL MEMBERS
Wilson Chew
Ferdinand de Bakker
Junie Foo
Philip Forrest
Shai Ganu
Pauline Goh
Theresa Goh
Howie Lau
Lee Suan Hiang
Ryan Lim
Max Loh
Ng Wai King
Neil Parekh
Poh Mui Hoon
Joe Poon
Jaspal Singh
Tan Boon Gin

EXECUTIVE DEVELOPMENT

SMU SINGAPORE MANAGEMENT UNIVERSITY

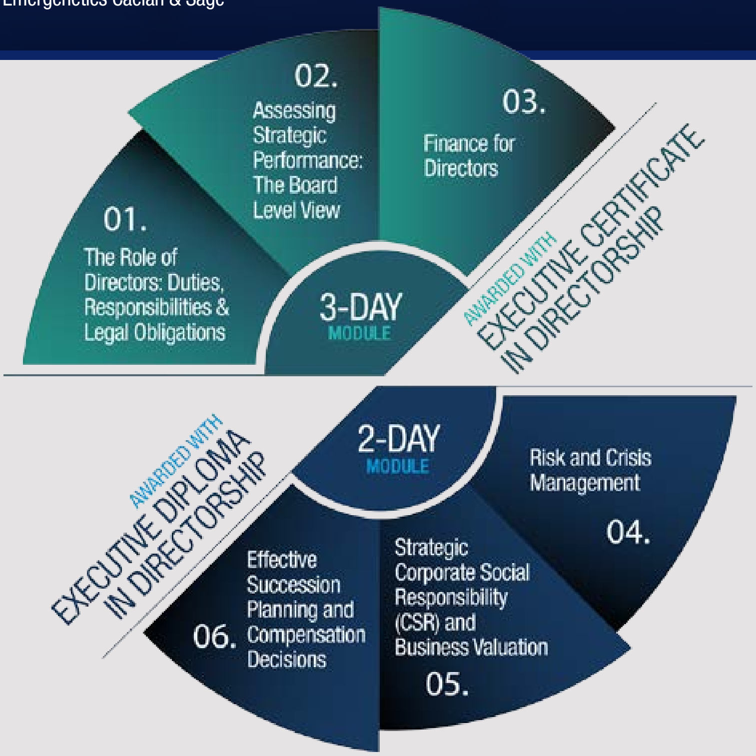
SID SINGAPORE INSTITUTE OF DIRECTORS

SID–SMU DIRECTORSHIP PROGRAMME

CREATING EFFECTIVE BOARD LEADERSHIP

"The SMU-SID Directorship Programme has given me essential knowledge and boosted my confidence to carry out my duties as a Director. I enjoyed very much the structure and rigour of the programme, the blend of relevant research and practical insights from academics and practitioners, as well as the interaction with fellow attendees, all of whom have enriched my personal and professional network. The curriculum is current and delivered professionally by a strong team of faculty, and the programme is supported by top notch administrative staff who spared no effort to ensure a world-class learning experience for all attendees. I recommend the programme unreservedly to any Director – newly minted or seasoned."

MR TERENCE QUEK, PBM
Chief Executive Officer
Emergenetics Caelan & Sage



Executive Skills for Board Members in Challenging Times

PROGRAMME DETAILS

The directorship programme is first of its kind in Singapore with a formal certification process, focusing on director training.

PROGRAMME STRUCTURE

The programme is organised in two tiers. Participants have the option to obtain an Executive Diploma in Directorship upon completion of six assessable modules, or the Executive Certificate in Directorship, which consists of three assessable modules (Module 1, 2 and 3).

Singapore Management University, Executive Development
Get in touch with our advisor, **David Lim** at davidlimbp@smu.edu.sg or +65 6808 5393.
You may also visit http://exd.smu.edu.sg

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