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SID
SINGAPORE INSTITUTE OF DIRECTORS

DIRECTORS' BULLETIN

Quarter 3, 2017

SPOTLIGHT ON SUSTAINABILITY

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SID Directors' Conference 2017

THE SUSTAINABILITY Imperative

A Multifaceted, Mindshifting Look at
Money and Meaning in the New Capitalism

Organised by: SID SINGAPORE INSTITUTE OF DIRECTORS

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Tuesday, 12 September 2017 (9.00 am to 4.30 pm)
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Join us for the must-attend one-day annual conference for directors and corporate leaders!

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Secretary-General, National Trades Union Congress

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THE GLOBAL SUSTAINABILITY AGENDA: Towards Sustainable Growth Business Models And Moral Capitalism
Jan Peter Balkenende
Former Prime Minister of The Netherlands

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Elevating Sustainability

By **WILLIE CHENG**
Chairman, SID

DIRECTIONS

This year, a key focus for the SID is on "sustainability". In fact, the theme of this issue is sustainability. Looking ahead, the schedule includes:

- Our flagship SID Directors' Conference on 12 September 2017 is themed "The Sustainability Imperative".
- *A Sustainability Guide for Boards* will be produced in collaboration with KPMG and the SGX.
- The inaugural Singapore Sustainability Reporting Awards is being organised in collaboration with EY and the SGX.
- Several forums on sustainability aimed at directors are being conducted throughout the year. This includes a regular "Sustainability for Directors" module in the Business Future Series of our professional development programme.

But why the focus on sustainability? After all, as a term and concept, it has been around for decades.

Well, first of all, there has been much confusion about its meaning, scope and, indeed, its relevance.

Take, for example, the ongoing debate over the definitions of sustainability and corporate social responsibility (CSR), and which is a subset of the other. In this issue, we provide some historical context about how the concepts are related, and how CSR has evolved over the years (page 6).

We also ask of our superhero, Mr Sid / SuperSID to explain the nuances of the terms and their relevance to business (page 40).

Secondly, sustainability is not just relevant, it has become crucially important to corporations.

As pointed out by several authors in this issue, the past two years have been a seminal period for the ideal of sustainability.

In September 2015, the UN General Assembly adopted a set of 17 Sustainable Development Goals (SDGs) for 2030. These goals are more ambitious and far-reaching than the predecessor eight Millennium Development Goals, which were focused on the poor and developing nations. Achieving the SDGs will require the active participation of the private sector.

Three months later, the Paris Agreement of the UN Framework Convention on Climate Change was signed by 195 countries. It is the most comprehensive legally-binding document on climate change to date. It was ratified in September 2016 by Singapore, which has since announced measures such as a carbon tax to be implemented from 2019.

Meanwhile, the SGX has mandated sustainability reporting on a "comply or explain" basis for listed companies with financial year-ends on or after 31 December 2017.

There is little doubt that the pace of the development of a mature sustainability environment is picking up, and its impact on corporations is going to be considerable. I hope you get the same sense of urgency, and derive much value, from the wide range of writings on the subject that we have gathered for this issue.

Happy reading! ■

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For ease of reading, the male gender is used in the Bulletin to refer to all personnel unless the context specifically requires otherwise.

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The Evolution of CSR and Sustainability

By
MARGARET CHIN
Lead, Corporate Governance Guides
SID

What constitutes corporate social responsibility (CSR) and sustainability have evolved over time. The two terms are sometimes used interchangeably though they are not exactly the same.

The infographics in the following pages set out the key historical milestones in the evolution of the CSR and sustainability movements.

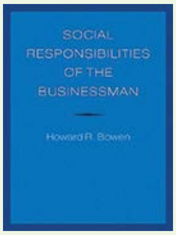
The milestones are grouped by the following parallel tracks of development:
- Early CSR.
- Climate Change.
- Sustainable Development.
- Business Response.
- Regulations and Standards.
- Hybrid Organisations.

The content for this article draws extensively from Appendix 4K of the SID Board Guide.

Early CSR

The early days of CSR revolve around the question of the duty of businesses to society and stakeholders beyond the shareholders.

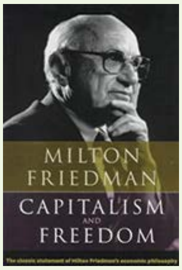
1953 First Definition of CSR



"[Corporate social responsibility] refers to the obligations of businessmen to pursue those policies, to make those decisions, or to follow those lines of action which are desirable in terms of the objectives and values of our society."

Howard A. Bowen
Social Responsibilities of the Businessman
(Harper and Row, 1953)

1970 Friedman: Social Responsibility of Business

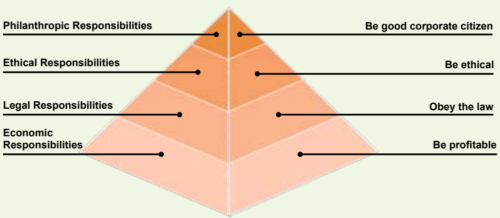


"[T]here is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game, which is to say, engages in open and free competition without deception or fraud."

Milton Friedman
"The Social Responsibility of Business is to Increase Its Profits", *The New York Times Magazine*, 13 September 1970

This article elaborated on Friedman's *Capitalism and Freedom* book published in 1962. It popularised the notion of maximising shareholder value.

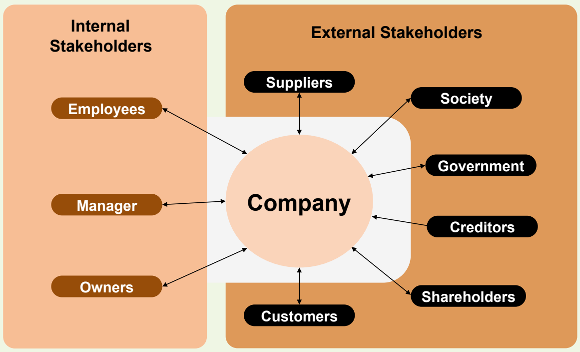
1979 Carroll: CSR Categories and Pyramid



Source: Carroll A.B., "The Pyramid of Corporate Social Responsibility: Towards the Moral Management of Organizational Stakeholders", *Business Horizons*, July-August 1991.

The entire range of obligations that a business owes to society embodies economic, legal, ethical and discretionary / philanthropic responsibilities. The CSR pyramid is a representation of the CSR categories first proposed by Carroll in 1979.

1984 Freeman: Stakeholder Theory



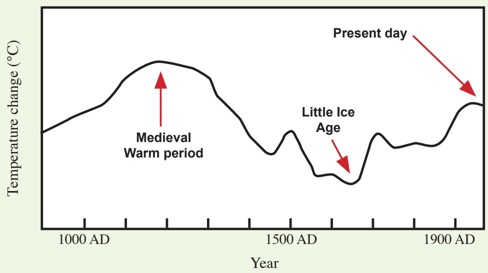
Source: Freeman R.E., *Strategic Management: A Stakeholder Approach* (Pitman, 1984).

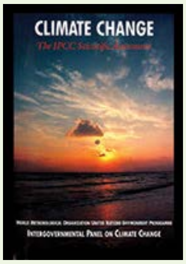
Stakeholders are "any group of individuals who is affected or can affect the achievement of an organisation's objectives", and should be factored into the strategic planning process.

Climate Change

The evidence of climate change and environmental threats has galvanised governments and leaders to advocate and act on the real and present danger of life as we know it on the planet.

1990 UN IPPC: Report on Climate Change





The UN Intergovernmental Panel on Climate Change (IPCC) issued its first assessment report on climate change at the 1990 UN General Assembly which then agreed to begin negotiations for a Framework Convention on Climate Change (UN FCCC).

Significant UN FCCC meetings (which took place annually since 1995) and agreements were:

- 1992 Rio Summit which has the objective of stabilising greenhouse gas concentrations in the atmosphere.
- 1997 Kyoto Protocol with legally binding obligations of developed countries to reduce greenhouse gas emissions from 2008-2012.
- 2010 Cancun Agreements which sought to limit global warming to below 2.0°C (3.6°F) relative to the pre-industrial level.
- 2015 Paris Agreement – see below.

2006 Al Gore: An Inconvenient Truth

The release of Former US Vice President Al Gore's documentary film, *An Inconvenient Truth* and accompanying best-selling book, *An Inconvenient Truth: The Planetary Emergency of Global Warming and What We Can Do About It* did much to raise international public awareness of global warming and re-energise the pro-environmental movement.

2015 UN FCCC: Paris Agreement

On 12 December 2015, 195 countries at the 21st UN FCCC signed a historic agreement in Paris to deal with greenhouse gases emissions mitigation, adaptation and finance starting in the year 2020. The world's first comprehensive and binding climate agreement went into effect on 4 November 2016.

Key aspects of the Paris Agreement:

- A commitment to keep the rise in global temperatures "well below" 2°C compared to pre-industrial times, while striving to limit them even more to 1.5°C.
- Countries are tasked with preparing, maintaining and publishing their own greenhouse gas reduction targets that "reflect [the] highest possible ambition". The targets will be reviewed and revised every five years starting in 2023.
- Calls on developed nations to give US$100 billion annually to developing countries by 2020.
- The deal sets the goal of a carbon-neutral world sometime after 2050 but before 2100.

Sustainable Development

Ensuring a sustainable world that not merely deals with environmental threats, but also promotes a fairer society and good governance (i.e. environmental, social and governance [ESG]) at all levels, is becoming the thrust of the new world.

1972 Bhutan: Gross National Happiness

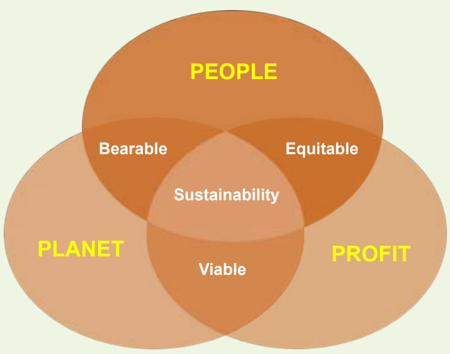
Bhutan's King Jigme Singye Wangchuck coined the term, "Gross National Happiness" in an offhand response to a question about his country's Gross National Product. The concept of GNH has evolved over the years in Bhutan and beyond. (Ed: see the article on GNH on page 14).

1987 Brundtland Commission: Definition of Sustainable Development

"Sustainable development is the kind of development that meets the needs of the present without compromising the ability of future generations to meet their own needs."

Our Common Future: Report of the World Commission on Environment and Development (The UN Brundtland Commission, 1987).

1994 John Elkington: Triple Bottom Line (TBL/3BL)



Source: John Elkington, *Cannibals with Forks: The Triple Bottom Line of 21st Century Business* (Capstone Publishing Ltd, 1997).

A triple bottom line measures a company's degree of social responsibility (People), its economic value (Profit) and its environmental impact (Planet). A key challenge with the triple bottom line is the difficulty of measuring the social and environmental bottom lines, which necessitates the three separate accounts being evaluated on their own merits.

2000/2015 UN: MDGs and SDGs

In 2000, the UN General Assembly adopted eight Millennium Development Goals (MDGs) to address the unfair distribution of wealth and living standards across the planet to be achieved by 2015 (See diagram above.)

In 2015, as the MDGs expire, the UN General Assembly adopted 17 Sustainable Development Goals to be achieved by 2030. (Ed: See article on SDGs on page 20).

Business Response

Many business leaders and the UN have responded to the risks of climate change and an unfair world, and the need for a collective sustainable future by defining the principles and approaches by which corporations should operate.

1994 Caux Round Table: Principles for Responsible Business

CAUX ROUND TABLE

Charting a new course for business

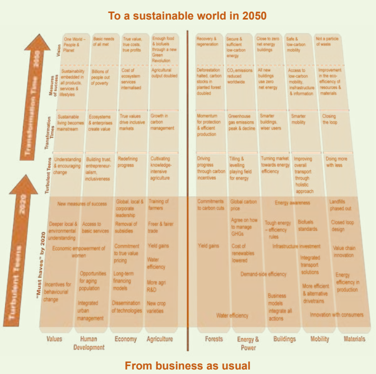
Principles for Business

1. Respect stakeholders beyond shareholders.
2. Contribute to economic, social and environmental development.
3. Build trust by going beyond the letter of the law.
4. Respect rules and conventions.
5. Support responsible globalisation.
6. Respect the environment.
7. Avoid illicit activities.

The Caux Round Table, an international organisation of senior business executives founded in 1986 by then CEOs of Philips and Canon, established seven principles for ethical and responsible business.

2010 WBCSD: Vision 2050

The World Business Council for Sustainable Development, a global advocacy group of 200 international companies, released its vision and plan for a world that would be well on the way to sustainability by 2050.



1999 UN: Global Compact

The UN Global Compact, an initiative to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation, has been signed by over 8,400 companies to-date.

Human Rights

Principle 1: Businesses should support and respect internationally proclaimed human rights; and

Principle 2: Ensure that they are not complicit in human rights abuses.

Labour

Principle 3: Businesses should uphold the freedom of association and recognise effectively the right to collective bargaining;

Principle 4: Eliminate all forms of forced and compulsory labour;

Principle 5: Effectively abolish child labour; and

Principle 6: Eliminate discrimination in respect of employment and occupation.

Environment

Principle 7: Businesses should support a precautionary approach to environmental challenges;

Principle 8: Undertake initiatives to promote greater environmental responsibility; and

Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

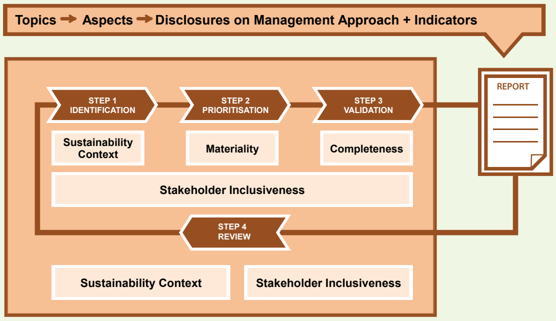
Anti-Corruption

Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

Regulations and Standards

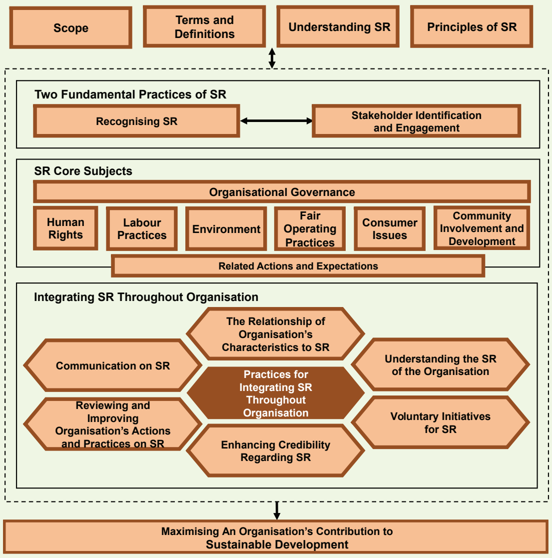
Regulators and standard bodies are defining the guidelines for proper conduct and enhanced disclosures on sustainability.

2000 GRI: Sustainability Reporting Guidelines



The Global Reporting Initiative (GRI), an international independent standards organisation, issued a set of guidelines for sustainability reporting which is now being used by over 7,500 entities worldwide to quantify and report environmental, social and governance (ESG) costs and benefits derived from their activities.

2010 ISO 26000 Guidance on Social Responsibility



The International Standards Organisation issued ISO 26000 to help organisations contribute to sustainable development.

2013 Integrated Reporting

The International Integrated Reporting Council (IIRC) was formed in 2010 by a coalition of organisations, including standard setters and the accounting profession, to drive the next steps in corporate reporting. In 2013, it released the International <IR> Framework for companies to communicate a periodic integrated report about their value creation over time.

"Integrated Reporting demonstrates the linkages between an organisation's strategy, governance and financial performance and the social, environmental and economic context within which it operates. By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organisation is really performing."

IIRC

2017 Mandatory Sustainability Reporting for SGX-Listed Companies

Effective 31 December 2017, all listed companies in Singapore will need to report on their sustainability performance on a "comply or explain" basis.

Hybrid Organisations

With the push towards a more compassionate form of capitalism, variants of the traditional business organisation are emerging.

2003 Kim Alter: Social-Business Hybrid Spectrum

Traditional Non-profit	Non-profit (income-generating)	Social Enterprise	Socially Responsible Business	Corporation (practicing CSR)	Traditional For-profit

Motive of mission
Stakeholder accountability
Income reinvested in programmes

Profit-making motive
Shareholder accountability
Profit redistributed to shareholders

Kim Alter developed a typology that shows how non-profits and businesses are converging with social enterprises.

2005 UK: Community Interest Company

COMMUNITY INTEREST COMPANIES

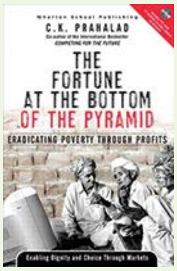
In 2005, the UK government created a hybrid corporate form, the Community Interest Company (CIC) with the flexibility of a traditional for-profit organisation yet with the social mission of a non-profit (i.e. a social enterprise). A CIC has special features to ensure that it works for the benefit of the community. Its assets are secured to applications for the good use of the community, and there are limitations on dividend and interest payments.

2010 US: The Benefit Corporation

A benefit corporation is a type of for-profit corporate entity that includes positive impact on society, workers, the community and the environment, in addition to profit as its legally defined goals. Today some 30 states in the US have implemented legislation for benefit corporations. (Ed: see page 64 for more on the Benefit Corporation.)

2004 Pralahad: The Fortune at the Bottom of the Pyramid

C.K. Prahalad and Stuart Hart made the case for new business models that provide goods and services to the poorest people in the world. The approach is now called "inclusive business" or "BoP (base of the pyramid) business".



Tellus Institute: Corporation 20/20

Tellus Institute and Business Ethics launched Corporation 20/20, an initiative to envision models of the future corporation, both financial and non-financial, and the enabling of institutions aligned with such visions.

Gross National Happiness: The New Development Paradigm

By
DR. SAAMDU CHETRI
Executive Director, Gross National Happiness Centre, Bhutan

Bhutan may not be *the* Shangri-La on earth, but this tiny kingdom has expounded a big idea that could change the world – Gross National Happiness.

Happiness, as a development priority for countries, is not entirely a new concept.

In 1776, the United States' Declaration of Independence speaks of "Life, liberty and the pursuit of happiness" as among some of the unalienable rights of its citizens.

Before that, Bhutan put forth the legal code of 1729, stating that, "If the government cannot create happiness and peace for its people, then there is no purpose for government to exist."

However, it was not until the 1970s that the collective happiness of this nation came into focus.

In 1972, Bhutan's fourth Dragon King, Jigme Singye Wangchuck coined the term, "Gross National Happiness" (GNH) in an offhand remark at an airport in India, in response to a journalist's question about the GDP of his "tiny country". He said: "Gross National Happiness is more important than Gross National Product."

His Majesty had realised that the conventional development paradigm was based on excessive consumption and destruction of nature. He felt that this cannot be the right model for Bhutan and her people. He knew that the ultimate goal of every human being was to be happy. He was in search of a model that could bring happiness to his citizens.

That casual remark brought focus to the search and the development of GNH, a concept that has evolved over the years in Bhutan and beyond.

Now what exactly is this GNH? Can prosperity really be measured by gauging a country's people's happiness level?

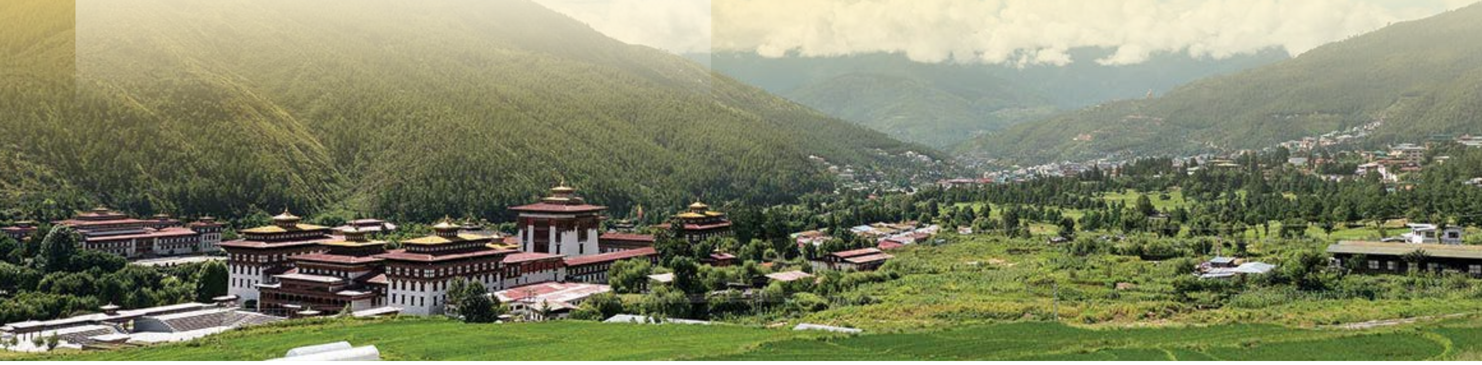
Bhutan in Brief

Location	: Eastern Himalayans, bordering Tibet and India.
Population	: 750,000 (13 per cent of Singapore).
Land area	: 38,394 sq km (55 times bigger than Singapore).
Terrain	: Mostly steep and high mountains, with swift rivers. With elevation from 100 meters to 7,500 meters above sea level.
Government	: Unitary parliamentary constitutional monarchy. King is His Majesty Jigme Khesar Namgyel Wangchuck. Prime Minister is Tshering Tobgay.
Religion	: Buddhism.
GDP	: US$2.209 billion, or US$2,835 per capita.

The GNH Concept

According to the Centre for Bhutan Studies & GNH Research, "GNH measures the quality of a country in more holistic way [than GNP] and believes that the beneficial development of human society takes place when material and spiritual development occur side by side to complement and reinforce each other."

GNH in Bhutan is distinct from the western concept of "happiness" in two ways. First it is holistic and multidimensional – emphasising balancing spiritual and material needs, and the well-being of the mind and body. Secondly, it internalises responsibility and consideration for others.



Components of the Gross National Happiness Index

Source:
Centre for Bhutan Studies & GNH Research

As the first elected Prime Minister of Bhutan, Jigme Thinley puts it: "We have now clearly distinguished the 'happiness' … in GNH from the fleeting, pleasurable 'feel good' moods so often associated with that term. We know that true abiding happiness cannot exist while others suffer, and comes only from serving others, living in harmony with nature, and realising our innate wisdom and the true and brilliant nature of our own minds."

The GNH Index

Initially, GNH was defined in four pillars:

- The promotion of sustainable and equitable socio-economic development;
- Promotion and preservation of culture;
- Conservation of the natural environment;
- Establishment of good governance.

As it is with GDP, Bhutan sought to come up with a single number index to measure GNH.

The GNH Index measures nine domains, 33 indicators and 124 variables (see diagram).

The nine domains include the earlier four pillars. The 33 cluster indicators, within the nine domains, create the index.

The index weights the nine domains equally. Within each domain, the objective indicators are given higher weights while the subjective and self-reported indicators are assigned lower weights.

The 33 indicators thus aim to emphasise different aspects of well-being and different ways of meeting these underlying human needs.

For the GNH Index, a person is "happy" if he or she achieves sufficiency in 66 per cent of the domains or weighted indicators. To provide a greater depth of analysis, three cutoffs were selected to categorise four groups according to a happiness gradient: "Deeply Happy", "Extensively Happy", "Narrowly Happy", and "Unhappy".

Bhutan Results

The first GNH survey to determine the GNH Index was conducted in 2006 with 1,300 respondents by the Centre for Bhutan Studies & GNH Research. A second survey in 2010 polled 7,142 respondents nationwide. The third survey was carried out with 8,871 respondents in 2015.

The GNH Index measures happiness on a scale of 0 to 1, the higher the number, the higher the happiness level.

Overall, the 2015 survey showed that the happiness level of the Bhutanese was at 0.756, an increase from 0.743 in 2010 and an improvement of 1.7 per cent.

An analysis of happiness in the 2015 population segments is as follows:

Further analysis shows the areas where the indicators have significantly improved (e.g. housing, sleep, mental health), where they have not changed (urbanisation issues, schooling, disability), and where things have got significantly worse (life satisfaction, spirituality, political participation).

The GNH Index is decomposable by any demographic characteristic and so, it is designed to create policy incentives for the government, NGOs and businesses of Bhutan to increase GNH.

In Bhutan, the GNH Commission is charged with reviewing policy decisions and the allocation of resources. To date, the GNH Commission has screened over 20 governmental policies and suggested, in most cases, how to orientate and make the policy GNH friendly. It helps the commission to allocate resources on an equitable basis to enable Bhutanese citizens to share same benefits over generations.

Beyond Bhutan

The concept of GNH has captured international interest and found many advocates outside Bhutan ever since His Majesty Jigme Singye Wangchuck propounded it.

	Definition of Group Sufficiency in:	Percentage of Population Who Are:	Average Sufficiency of Each Person Across Domains
Deeply Happy	77% – 100%	8.4%	80.9%
Extensively Happy	66% – 76%	35.0%	70.8%
Narrowly Happy	50% – 65%	47.9%	59.1%
Unhappy	0 – 49%	8.8%	45.2%

In 2005, Med Jones, an American economist, proposed an American-style GNH known as the Gross National Well-Being (GNW) and the first global GNW Survey. The metric measures socio-economic development by tracking seven development areas:

- Mental and emotional wellness.
- Physical and health wellness.
- Work and income wellness.
- Social relations wellness.
- Economic and retirement wellness.
- Political and government wellness.
- Living environment wellness.

The proposal and survey provided the blueprint for future happiness and well-being indices.

In 2006, the International Institute of Management published a policy white paper, *The American Pursuit of Happiness*, calling for the implementation of GNH philosophy in the US.

In 2007, Thailand released the Green and Happiness Index which consists of six components: health, warm and loving family, community empowerment, economic strength and equity, good quality environment and ecological system, and democratic society and good governance.

In 2009, Gallup Poll System in the US launches a happiness survey. Resulting from that, the Gallup-Healthways Well-Being Index which provides real-time measurement into health and well-being by interviews with more than 1,000 US adults daily, has been expanded to other countries.

In 2010, the University of Oxford in the UK launched the Multidimensional Poverty Index for the UN Development Programme.

In 2012, the UN launches the World Happiness Report, and organised the first-ever UN Conference on Happiness.

Over the last five years, several countries and cities including South Korea, Goa (India), Seattle (US), Dubai (UAE), and Thailand have launched their own happiness indices.

Meanwhile, Bhutan's stated goal is to maximise happiness within the country, and not compare numbers with other countries.

At the same time, we, Bhutanese, are happy that even as we seek to improve our own happiness, we have contributed a concept that can be meaningful to the world and help change it for the better. ■

The UN Sustainable Development Goals: What boards should do

By
STEPHEN B. YOUNG
Global Executive Director, Caux Round Table

The historic 17 Sustainable Development Goals (SDGs) adopted in September 2015 by the governments of the world provide a template for best corporate practices in a new phase of global capitalism. It is now incumbent upon boards to include, within the due care parameters of their fiduciary duties, reasonable measures to align corporate vision and mission with those SDGs materially relevant to the business of the enterprise.

The United Nations (UN) may have something of a checkered past (and present, if you look hard enough), but it was established with the best intentions. And there is a long line of successes that it should be proud of.

One of the UN's most recent grand endeavours was the Millennium Development Goals (MDGs). The MDGs were announced in 2000 by then UN Secretary-General Kofi Annan in response to widespread perceptions that the process of "globalisation" was unfairly distributing its advantages of wealth creation across the world.

The eight development goals – which were to be achieved by 2015 – were focused on poor and developing nations with the primary objective of reducing by half, the number of persons living in poverty. As a result mostly of robust economic growth in China and India, some one billion people were lifted out of extreme poverty. Other MDGs set targets for improving health, the status of women and girls, and educational achievement.

The SDGs

In September 2015 and as the MDGs were about to expire, the UN General Assembly adopted 17 new Sustainable Development Goals (SDGs), officially known as "Transforming our World: The 2030 Agenda for Sustainable Development" (see box on page 22).

17 Sustainable Development Goals

No Poverty.
End poverty in all its forms everywhere.

End Hunger.
Achieve food security and improved nutrition, and promote sustainable agriculture.

Good Health and Well-being.
Ensure healthy lives and promote well-being for all at all ages.

Quality Education.
Ensure inclusive and equitable quality education and promote life-long learning opportunities for all.

Gender Equality.
Achieve gender equality and empower all women and girls.

Clean Water and Sanitation.
Ensure availability and sustainable management of water and sanitation for all.

Renewable Energy.
Ensure access to affordable, reliable, sustainable, and modern energy for all.

Decent Work and Economic Growth.
Promote inclusive and sustainable economic growth, employment and decent work for all.

Innovation and Infrastructure.
Build resilient infrastructure, promote sustainable industrialisation and foster innovation.

Reduced Inequalities.
Reduce inequality within and among countries.

Sustainable Cities and Communities.
Make cities inclusive, safe, resilient and sustainable.

Responsible Consumption.
Ensure sustainable consumption and production patterns.

Climate Action.
Take urgent action to combat climate change and its impacts.

Life Below Water.
Conserve and sustainably use the oceans, seas and marine resources.

Life On Land.
Sustainably manage forests, combat desertification, halt and reverse land degradation, and halt biodiversity loss.

Peace and Justice.
Promote just, peaceful and inclusive societies, and build effective, accountable and inclusive institutions at all levels.

Partnership For The Goals.
Revitalise the global partnership for sustainable development.

SUSTAINABLE DEVELOPMENT GOALS

The SDGs are grandiose goals for humanity to provide for the sustainability of our well-being by protecting our planetary home from degradation and providing all people with higher standards of living. These two goals bring environmentalism together with aspirations for economic development. This confluence of objectives arose as an intentional merger of the environmental concerns of the Rio+20 conference with the need to build upon the MDGs for poor nations after 2015.

The suggestion of this new multifaceted ideal of sustainable development was floated and accepted without much opposition or fractious debate with the objective of setting the same goals for all nations – poor and rich – around standards of social justice and for protection of the environment, which are common callings for all of humanity.

Roughly speaking, the SDGs align with international covenants on human rights, with a sustaining environment assumed to be a human right as well. It is a vision of entitlement to good living conditions in this life on this planet for each person.

Implementation

In many respects, the SDGs are critical for continuing life on the planet. As then UN Secretary-General Ban Ki-moon said, "We don't have plan B because there is no planet B".

The 17 global goals are supported by 169 targets (or sub-goals) among them. Over the next 15 years, efforts are being mobilised to achieve them.

While the SDGs are not legally binding, governments are expected to take ownership and establish national frameworks for the achievement of the 17 Goals. Countries have the primary responsibility for follow-up and review of the progress made in implementing the SDGs, which will require quality, accessible and timely data collection. Regional follow-up and review will be based on national-level analyses and contribute to follow-up and review at the global level.

Enter the corporates

Should and how do corporations play in the SDG arena?

Many business leaders I know were put off by the number of goals – 17 with 169 sub-goals – on the very sound management principle that if one tries to be a jack-of-all-trades, one is master in none, and nothing very impressive will be accomplished. Better shoot a rifle at a target, it is said, than blast a blunderbuss into the air.

But the goals were designed as a political programme, not as a business undertaking. The goals were announced as applicable to governments, businesses, civil society organisations, and citizens everywhere.

Cross-sector collaboration will be necessary for their implementation. Each goal contains complexities and its implementation demands activation of causal systems within larger causal systems. No one sector has sufficient competence to accomplish them without the engagement of the other sectors. No one company can, on its own, do much to bring us closer to goal implementation.

So what are companies to do with this new list of noble aspirations and desirable entitlements?

The SDGs are important just as any ideal or goal, vision or mission, is important. They give reason to set priorities and justify unequal allocation of resources. They shape our conduct.

The SDGs nonetheless are important for business but not only for business. They are an invitation for business to partner with government and civil society in good causes which will help people. The SDGs denominate a common good. From a business perspective, the SDGs present the private sector with an opportunity to function for society more as social entrepreneurship than as rent extraction for exclusive private gain.

Moreover, the SDGs bring to the fore the standard of sustainability. Not of the environment alone but of an enterprise. The capital value of a business needs sustainability too. The ability of a business to generate quality income in the out years makes it sustainable. Taking care of stakeholders lowers risk and contributes to the sustainability of enterprise.

With the SDGs in hand, the older management and consulting disciplines of business ethics and corporate social responsibility are shifting over to champion the vision and vocabulary of sustainable development.

Stakeholders of the enterprise

Under sustainable development as a theory of global business, the firm is given over to a new understanding of who it serves. Who it should serve is a multitude of stakeholders, not just the investor, and certainly not the short-term investor.

While preservation of capital for investors is still important, it no longer has exclusive claim to the attention of boards. Sustainability links investor/owners in a virtuous circle of mutual dependency with customers and employees, and the environment and community.

In most countries, corporate law and corporate governance regulations impose fiduciary duties on the board of directors. These include duties of due care and to ensure the long term success of the company. Fulfilling these fiduciary duties requires boards to look not just at the needs of investors, but other stakeholders (customers, employees, suppliers, community) who rely on the long term profitability and continuing existence of the company.

The SDG paradigm for capitalism thus adds support for a re-alignment of share rights with important rights given to those who have a stake in the corporation's long-term capital value and the sustainability of its profitability.

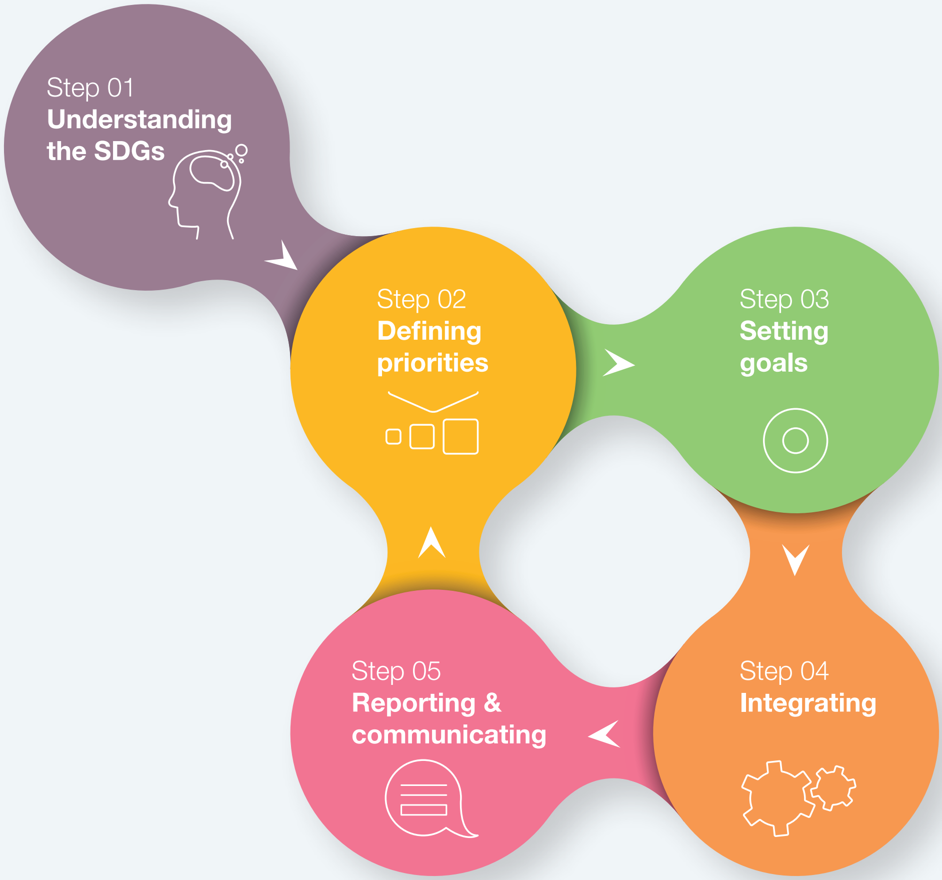
Over time, businesses will more and more transform themselves into benefit corporations with private owners making profits from the company's output but also with business models having merit in the eyes of society.

Aligning with the SDGs

What then should boards do in the light of the SDGs?

First, they should assess the quality of their companies' management of their stakeholder relationships. One tool which they can use is the CRT Arcturus Corporate Responsibility Assessment metric for The Arcturus questionnaire uses the seven CRT principles for responsible business as the baseline for measurement of how a company more or less succeeds or fails in its care of stakeholders.

The SDG Compass



Note: The SDG Compass is developed by GRI, the UN Global Compact, and the World Business Council for Sustainable Development. Further information can be found at http://sdgcompass.org.

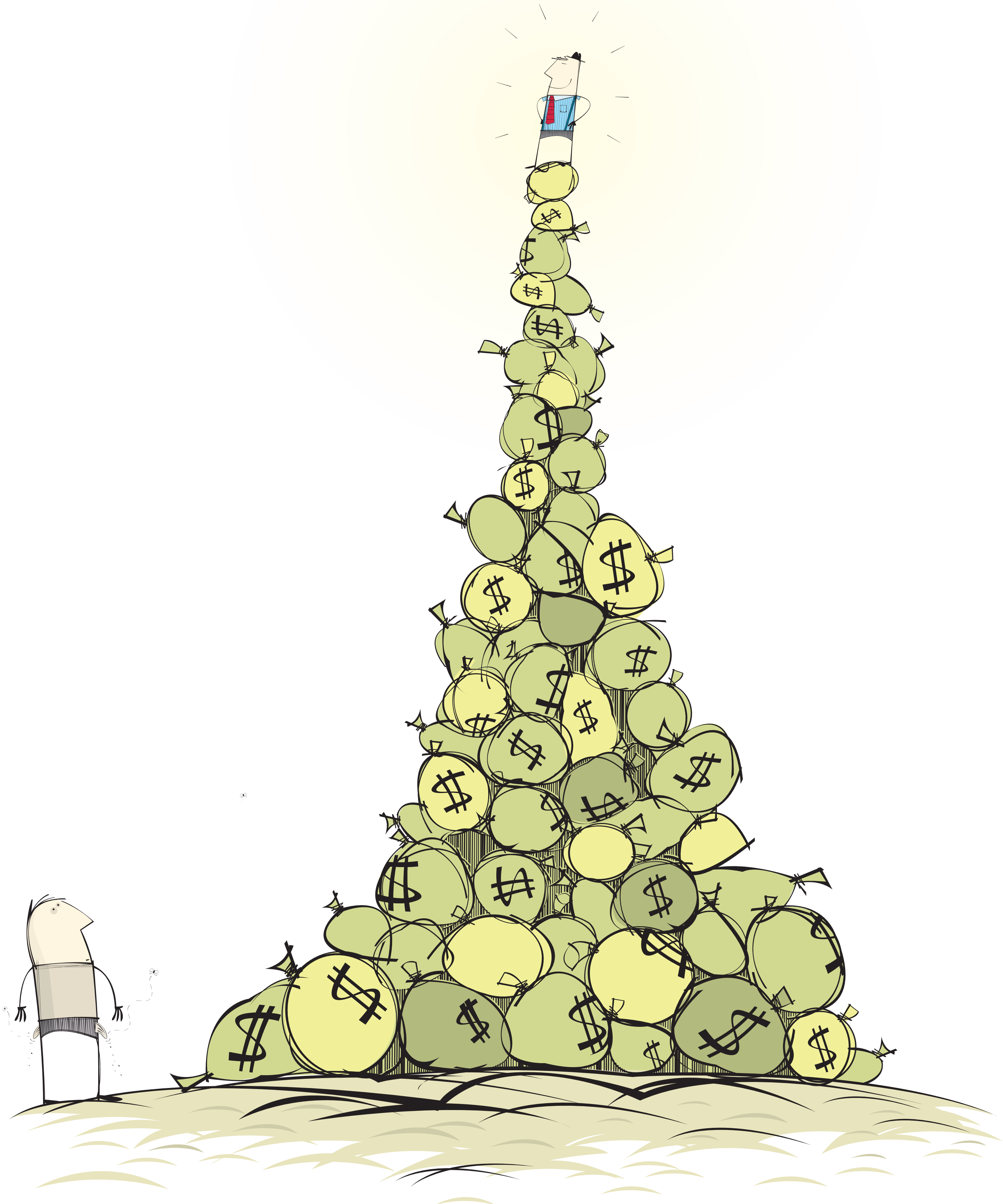
Second, they can use the UN Global Compacts compass as a planning tool to reflect on the company's business model.

The objective of the SDG Compass is to guide companies on how they can align their strategies as well as measure and manage their contribution to the SDGs. The guide presents five steps that assist companies in maximising their contribution to the SDGs.

While the SDG Compass is developed with a focus on large multinational enterprises, SMEs and other organisations are also encouraged to use it as a source of inspiration and adapt as necessary. The SDG Compass is designed for use at entity level, but may be applied at product, site, divisional or regional level as required.

A call to action

The SDGs usher in a new era of sustainability management for boards of directors. While not legally binding on boards through the fiduciary duties imposed by corporate laws, they nonetheless provide a vision and mission correction for boards to consider when executing their responsibilities to "manage and direct" the business and affairs of a corporation. ■



Wealth Inequality: Business should mind the gap

By
JON MILLER
Partner, Brunswick Group

Inequality is rising to dangerous levels. Is Big Business just enriching the few at the expense of the rest? What can businesses do to reverse the trend?

The dramatic and worsening disparity in the distribution of the world's wealth has become too big for Big Business to ignore. Oxfam recently estimated that the world's eight richest individuals had the same wealth as 3.6 billion people – the bottom half of the pyramid. Only six years earlier, it had taken 388 individuals to equal half the world's wealth.

True, some statistics are showing that inequality is actually falling. One key measure of the global economy is inequality among countries. This has, indeed, been falling steadily for the past 30 years as international trade benefits the economies of poor and developing countries.

Another interpretation suggests that global income inequality has been on a long-term downward trajectory for a century or more. But this amounts to a statistical sleight of hand: as the world population grows, the crowd around the lowest end of the economic ladder is growing, increasing an "equality" that in this case means "equally low incomes". Meanwhile, the incomes of the few at the top of the ladder soar ever higher.

What is clear is that a vast amount of the world's wealth is now controlled by a small minority, while billions watch their economic prospects deteriorate – a gap that, as it continues to widen, threatens to destabilise societies and governments.

Business leaders are not blind to the problem. Many are struggling to answer two important questions: How is business complicit in this trend? What, if anything, can be done to reverse it?

Drivers of inequality

Productivity in advanced economies has been steadily increasing since World War II – but for the past 30 years, real wages have not kept pace. In the US, as productivity rose by 74 per cent between 1973 and 2013, hourly compensation grew a meager nine per cent. As corporate profits continue to rise, wages remain relatively stagnant and record numbers of people in full-time jobs have been forced into poverty, forming an emerging class of working poor.

Technology and globalisation are widely seen as two macro trends contributing to this schism: the job market is being "hollowed out" by technological changes that partly or fully automate once-reliable mid-range skill jobs. At the same time, increased access to global markets means many jobs have moved to developing economies.

Several other factors are also at play. The increased "financialisation" of the economy, encouraged by banks and monetary policies, has moved wealth away from manufacturing and agriculture. The declining influence of organised labour has allowed competitive pressures to result in lower wages, even as executive pay levels have grown exponentially.

Traditional means of wealth redistribution – taxes and social programmes – have become politically fraught. And perhaps most importantly, education has failed to offer the skills training demanded by the changing global economy, creating chronic shortages of more specialised, skilled workers.

Does inequality matter?

No one is suggesting we strive for perfect equality, which in itself could be damaging to economic growth. But the problem we currently face – too much inequality – breeds clear social and economic ills that will only get worse.

Studies by the Paris-based Organisation of Economic Cooperation and Development show that inequality has a negative effect on medium-term growth, reducing demand and suppressing entrepreneurial activity. Rising health concerns of the working poor also hurt productivity and increase the amount of public spending required to care for them.

Inequality also acts as a multiplier for a range of societal issues, exacerbating tensions between ethnic and cultural groups and fuelling fanaticism. Perhaps most worryingly, growing wealth disparities are calling into question the legitimacy of Western-style economic and political systems. That may help to explain how in the world's democratic heartlands – Australia, Sweden, US and UK, among others – public support for democracy is wavering. In free elections over the past decade, we have seen a surge of voters choosing authoritarian, populist platforms – many of these carry an explicitly anti-Big Business agenda.

Business friction points

"Too much … has gone to too few," declared Goldman Sachs CEO, Lloyd Blankfein in 2014. He is among a small but growing number of CEOs who have suggested that business is in the best position to help provide a solution.

Meanwhile, certain tendencies in corporate behaviour over the last 30 years are feeding a public perception of Big Business as part of the problem. Specifically:

- **Executive pay.** The increasing pay gap between CEOs and workers fuels a sense of unfairness. As a candidate, Donald Trump made the problem a plank in his platform: "It's disgraceful … you see these guys [CEOs] making enormous amounts of money. It's a total and complete joke."

- **Stock buybacks.** Executive compensation is largely stock-based and the repurchase of shares drives stock prices higher in the short term. Many see the growing popularity of buybacks as a way that executives and elite investors enrich themselves at the expense of their companies and workers.
- **Corporate tax.** Despite rising profits, many multinationals are paying less in taxes. Critics complain that the world's best legal minds are focused on corporate tax efficiency, while national treasury officials struggle with limited resources and jurisdiction constraints.
- **Hoarding cash.** Since 2000, corporate saving rates have accelerated sharply in all G7 countries except France and Italy. The Financial Times reported that in the US, five tech companies were holding more than half a trillion dollars between them – idle cash that is not aiding the real economy.
- **Pricing.** Rising prices for products and services deemed in some way a "public good" – in particular, healthcare, pharmaceuticals, education and utilities – have caused much public anger. News of increases in company profits or big executive packages rub salt into the wound.

What can business leaders do?

Almost all companies can help tackle inequality in at least one area: skills. A number of advanced economies today are suffering from a shortage of skilled workers – a trend the McKinsey Global Institute has projected will even hit developing economies in the coming decades. Today, businesses can help through programmes and initiatives that train and re-skill workers.

There is also the question of whether businesses should weigh in publicly on inequality and the contentious issues that surround it. Staying silent may avoid controversy, but bears risks of its own. Consumers and employees increasingly want to know where a company stands on social issues – and silence can speak loudly.

As they join the public debate about inequality, corporations should not lose sight of the enormous progress that the world's economy has made. In 1990, nearly half of the population in the developing world lived on less than US$1.25 a day; that figure has dropped to 14 per cent in 2015, according to the United Nations.

Globally, the number of people belonging to the middle class (living on more than US$4 a day) has almost tripled since 1990. A range of other indicators shows meaningful progress in global health and education. Those are significant achievements, though much more remains to be done. Look behind the scenes of these advances and you will find businesses are there, playing an important and often, catalysing role.

Yet, with growing volume, the world is asking of Big Business: are you creating value for society as a whole, or just for the few?

For many, the answer remains the latter – business leaders are seen to be enriching themselves and shareholders at the expense of broader society. Now, more than ever, companies need to put forward a confident account of how they are creating social value alongside financial value, and demonstrate their commitment to doing business in a way that leaves no one behind. ■

This article was first published in The Brunswick Review (Spotlight on Business & Society), April 2017.

Business Integrity for Good Governance and Sustainability

By
THOMAS THOMAS
Chief Executive Officer, ASEAN CSR Network

Corruption stands in the way of good governance in ASEAN. Even in Singapore, our high rankings in anti-corruption indices may not necessarily reflect a culture of integrity in our businesses as much as it is due to law enforcement efforts.

Over the last 40 years, globalisation and technological change have drastically transformed the way we work, play and live. The disruptions have brought about massive benefits as well as huge negative repercussions, one of which is how the benefits themselves have not been evenly or fairly spread out and enjoyed by most.

There have been many attempts to maximise the positive benefits and eliminate or minimise the negative benefits at national, regional and global levels. These include laws to promote better governance of businesses and to make businesses more accountable and transparent. Many now accept that businesses must benefit all stakeholders and not just shareholders.

With the signing of the Paris Agreement and launch of the UN Sustainable Development Goals (SDGs), 2015 was seen as a year of hope in maximising benefits and minimising negative impacts. [Ed: see page 9 for more on the Paris Agreement and page 20 for the UN SDGs].

Closer to home, ASEAN came up with its new 10-year work plan, *ASEAN 2025: Forging Ahead Together*. ASEAN leaders declared: "We resolve to… realise a rule-based, people-oriented, people-centred ASEAN Community, where our people enjoy human rights and fundamental freedoms, higher quality of life and the benefits of community building, reinforcing our sense of togetherness and common identity." (Kuala Lumpur Declaration, November 2015).

2016, however, was a year of surprises with Brexit and the election of President Trump. There is a worry that leaders may prioritise short term goals over long term sustainability.

How can businesses in ASEAN and particularly in Singapore align with the ASEAN vision and achieve a sustainable future?

Profitability and governance

Without doubt, businesses have to remain profitable. Without profits, a business ceases to exist.

However, for businesses to be profitable also depends on a sustainable business environment. A sustainable planet and stable social conditions are needed for continued prosperity. Corporate sustainability is linked to economic, environmental and social sustainability.

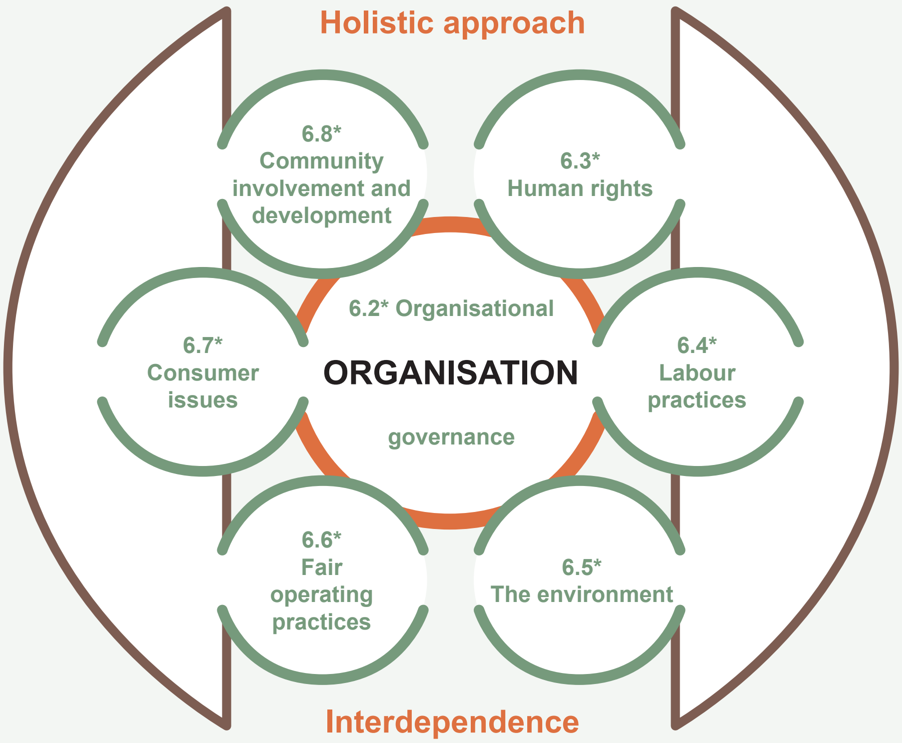
Corporate sustainability is essential to the long-term success and for ensuring that markets deliver value across society. It is also the social responsibility of businesses.

Companies should embrace a sound framework for a sustainable business. One such model is the ISO 26000 International Standard on Social Responsibility, which is widely adopted.

The Standard identifies seven principles and seven subject areas of social responsibility as shown in the diagram, "Social Responsibility: 7 Core Subjects". (Ed: more details on ISO 26000 guidance is on page 12).

As depicted in the diagram, the subject areas have governance as a key requisite for social responsibility. Without good governance, a company would not only be unable to implement and execute its strategies, it would also not win the confidence and trust of its stakeholders.

Social Responsibility: 7 Core Subjects



*The figures denote the corresponding clause numbers in ISO 26000.

Governance and business Integrity

Within ASEAN, it is recognised that one subject that stands in the way of good governance is corruption.

In general, corruption reduces efficiency and increases inequality. It is estimated that the cost of corruption is more than five per cent of global GDP (or US$2.6 trillion) with over US$1 trillion paid in bribes each year. Corruption is a form of cancer, and has to be nipped early before it spreads.

There is a strong business case to be made for good governance and implementing anti-corruption policies. The table, "Business Case for Tackling Corruption" highlights some of the benefits of running a "clean" company.

Business Case for Tackling Corruption

	Benefits of Being Clean	Risks of Not Being Clean
Individual Company Action	• Reduce the costs of doing business. • Attract investments from ethically oriented investors. • Attract and retain highly principled employees, improving morale. • Obtain a competitive advantage of becoming the preferred choice of ethically concerned customers/consumers. • Qualify for reduced legal sanctions in jurisdictions like the US and Italy.	• Criminal Prosecution, in some jurisdictions both at company and senior management levels which can lead to imprisonment. • Exclusion from budding processes, e.g. for international finance institutions and export credit agencies. • "Casino risk" – no legal remedies if a counterpart does not deliver as agreed and/or keeps increasing the price for doing so. • Damage to reputation, brand and share price. • Tougher fight for talent when hiring new employees. • Regulatory censure. • Cost of corrective action and possible fines.
Collective Action by Business	• Create a level playing field overcoming the "prisoner's dilemma". • Improve public trust in business. • Influence future laws and regulations.	• Missed business opportunities in distorted markets. • Increased magnitude of corruption. • Policy-makers responding by adopting tougher and more rigid laws and regulations – internationally, regionally and nationally.

Source: *Clean Business is Good Business: The Business Case Against Corruption* (International Chamber of Commerce, Transparency International, the United Nations Global Compact and the World Economic Forum Partnering Against Corruption Initiative, 2008).

TI Corruption Perceptions Index

Rank	Country	2016 Score	2015 Score	2012 Score
1	Denmark	90	91	90
1	New Zealand	90	88	90
3	Finland	89	90	90
4	Sweden	88	89	88
5	Switzerland	86	86	86
6	Norway	85	87	85
7	Singapore	84	85	87
8	Netherlands	83	87	84
9	Canada	82	83	84
10	Germany	81	81	79
10	Luxembourg	81	81	80
10	United Kingdom	81	81	74
41	Brunei	58	unrated	55
55	Malaysia	49	50	49
90	Indonesia	37	36	32
101	Philippines	35	35	34
101	Thailand	35	38	37
113	Vietnam	33	31	31
136	Myanmar	28	22	15
156	Cambodia	21	21	22

Source: Transparency International. Table shows ranking for top ten and ASEAN countries.

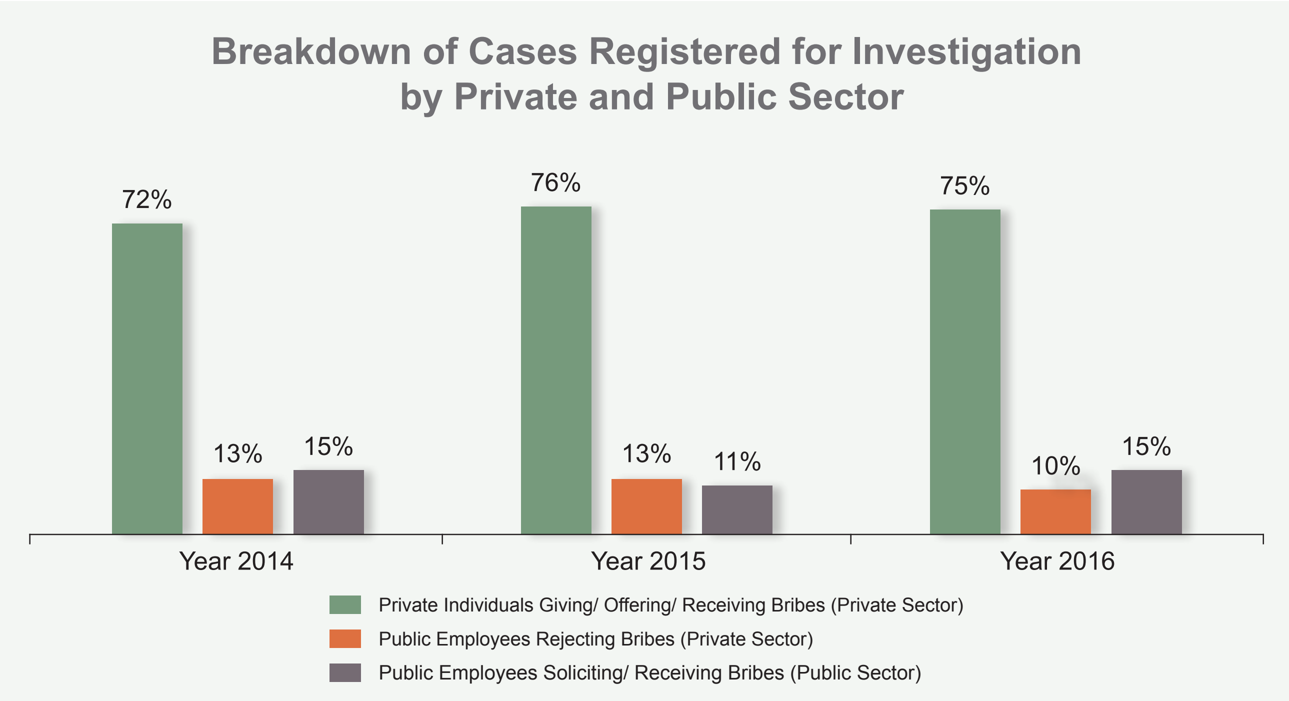
Singapore businesses and integrity

Singapore ranks first in ASEAN and seventh globally on Transparency International's Corruption Perceptions Index (CPI). The CPI, first launched in 1995, has been widely credited with putting the issue of corruption on the international policy agenda.

Under the World Bank's Worldwide Governance Indicators score for control of corruption, our most recent ranking is seven, and we have been in the top 10 for the past five years.

The question on the rankings is this: Are instances of corruption low in Singapore due to tough enforcement efforts ...or is it because of our culture of integrity? How do our businesses fare both in Singapore and abroad?

The Corrupt Practices Investigation Bureau (CPIB) reported that private sector cases make up the majority of corruption cases in Singapore (see chart, "Breakdown of Cases Registered for Investigation by Private and Public Sector").

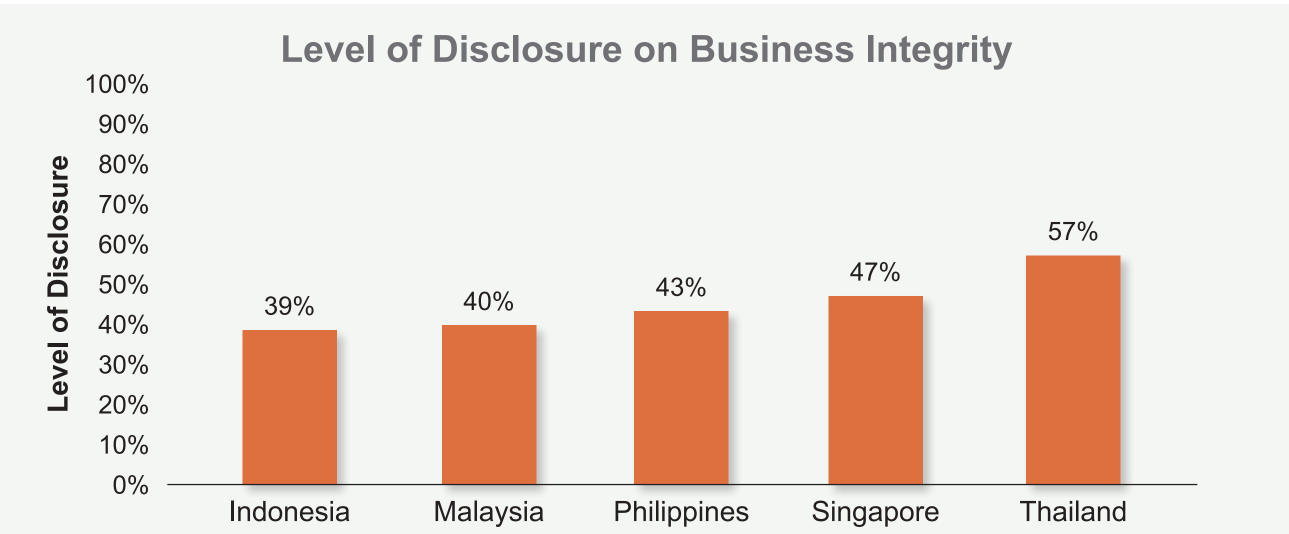


Most of the cases (90 per cent) investigated by CPIB involved the private sector. These statistics show that businesses need to act with urgency.

In addition, studies show that businesses have not been forthcoming on their integrity-related disclosures.

A 2016 study by ASEAN CSR Network and the Centre for Governance, Institutions and Organisations (CGIO) of the NUS Business School on corporate disclosure on business integrity did not show Singapore businesses high in this area (see chart, "Level of Disclosure on Business Integrity"). The study looked at disclosures by the 50 largest companies by market capitalisation in five ASEAN countries.

Similarly, the 2015 ASEAN Corporate Governance Scorecard produced by CGIO and SID showed the component that received the lowest score (C+) was the "Role of Stakeholders". There was a lack of transparency in disclosing supplier/contractor selection and criteria, and anti-bribery and corruption policy and practices.



Further, in the 2016 Singapore Governance & Transparency Index produced by CGIO, CPA Australia and SID, only 33.1 per cent of companies disclosed details of their whistleblowing policy.

There is thus a need for Singapore companies to focus on business integrity as part of good governance. It is not only important that good policies and practices are in place. They have to be disclosed as well. We have to reduce our dependence on enforcement agencies to manage corruption.

The need to create a culture of integrity applies whether companies are operating in Singapore or abroad.

Tools for Integrity

ISO 37001 on Anti-Bribery Management Systems is a new certifiable standard launched in October 2016 to help companies implement an anti-bribery compliance programme. It includes a series of measures and controls that represent global anti-bribery good practices, although it is written largely to comply with the UK Bribery Act.

The Singapore Exchange introduced sustainability reporting on a "comply or explain" basis effective from this year. Singapore-listed companies will have to publish an annual sustainability report covering five primary components (material ESG factors; policies, practices and performance; targets; sustainability reporting framework; and Board statement).

This is a step in the right direction. It allows companies to be flexible in adapting their corporate governance practices to their specific situation while taking into consideration their size ownership structure and sectorial specificities.

However corporate disclosure is only the first step in ensuring that a business "does the right thing". Hopefully companies do not seek to "tick the box" and pay lip service to business integrity.

Corporate culture will have a big impact on anti-corruption practices and measures.

Towards this end, the CPIB has issued PACT (short for Practical Anti-Corruption Guide for Businesses in Singapore) which provides tools and case studies to improve business integrity standing for companies.

Board's role

The board of directors, as the apex governance body, sets the tone for management, employees and other stakeholders on the culture of integrity.

Directors can combat corruption by:

- Ensuring that they and the management leadership set the example for anti-corruption in all of their communications, decisions and actions;
- Identifying the risks of corruption and implementing and maintaining policies and practices that counter corruption and extortion;
- Being committed to the implementation of anti-corruption policies, notwithstanding the short term losses;
- Supporting and training employees and representations in their efforts to eradicate bribery and corruption and providing incentives for progress; and
- Ensuring a sound whistleblowing policy for reporting violations without fear of reprisal.

A clean future

The culture of integrity has contributed immensely to Singapore's competitive advantage, efficiency and effectiveness. It has contributed to our reputation of "doing the right thing".

Singapore businesses need to have high standards of integrity both in Singapore and when they operate outside the country. This will be in line with ASEAN CSR Network's as well as several other NGOs' vision of a corruption-free ASEAN, solidifying our call for "Integrity Has No Borders". ■

Climate Change in ASEAN

The average temperature in Southeast Asia has increased by 0.1°C to 0.3°C every decade between 1951 and 2000. *(Asian Development Bank, 2009)*

Indonesia and Myanmar had the highest total greenhouse gas emissions of 780,550 and 528,416 kilotonnes (kt) of CO_2 equivalent respectively in 2012. Brunei and Singapore produced the least emissions at 14,828 and 55, 910 kt of CO_2 equivalent. *(World Bank)*

The share of renewable energy in each ASEAN country's total energy consumption in 2012 ranges from 0.01% (Brunei) to 78.7% (Myanmar). *(World Bank, 2012) (Data is unavailable for Laos)*

Brunei has the highest level of CO_2 emissions per capita in ASEAN at 18.9 metric tonnes, whereas Myanmar has the lowest level at 0.2 metric tonnes. *(World Bank, 2013)*

Total greenhouse gas emissions in ASEAN in 2012 amount to 2.87 million kt of CO_2 equivalent, an increase of 10% compared to 2005. *(World Bank)*

Between 1990 and 2011, CO_2 emissions recorded a two-fold increase in the Philippines, Myanmar and Singapore, and eight-fold increase in Vietnam, and tripled in the remaining countries. *(OECD,2014)*

ASEAN energy-related CO_2 emissions comprise 3.7% of the global total in 2011, which is low compared with the region's share of the world population at 8.6%. *(International Energy Agency, 2013)*

Brunei has the highest level of electricity consumption per capita in ASEAN at 9,704kWh. *(World Bank, 2013) (Data is unavailable for Laos)*

The region's greenhouse gas emissions are estimated to be at least 60% higher in 2050 than the actual value in 2010 if no action is taken. *(Asian Development Bank, 2015)*

ASEAN cities on average do not meet the World Health Organisation air quality standards in terms of concentrations of particulate matter, which contributes to premature death from cardiovascular disease and lung cancer. *(OECD, 2014)*

More than 80% of the respective households in Thailand, Vietnam, Indonesia and Malaysia own motorcycles. *(Pew Research Centre, 2015)*

Climate change adaptation cost for agriculture and coastal areas in Indonesia, the Philippines, Thailand and Vietnam is estimated to be US$5 billion per year by 2020. *(Asian Development Bank, 2014)*

Coal is projected to generate the greatest share of electricity in Southeast Asia's primary energy mix in 2040, increasing from 32% in 2013 to 50%. Gas has a decreasing share from 44% to 26%. *(International Energy Agency, 2015)*

Singaporeans dispose up to 8,402 tonnes of waste per day, more than three times the mass of a female Asian elephant. *(National Environment Agency, 2015)*

ASEAN's electricity consumption in 2013 is at 1,178 kwh per person, which is less than half of the global average. *(ASEAN Centre for Energy, 2016)*

Highest temperatures

(Weather Underground, 2016)

Country	Temperature (°Celsius)	Date
Cambodia	42.6	15 April 2016
Laos	42.3	13 April 2016
Malaysia	40.1	9 April 1998
Myanmar	47.2	14 May 2010
Philippines	42.2	May 1969
Singapore	37.0	17 April 1983
Thailand	44.6	28 April 2016
Vietnam	42.7	12 May 1966

As one of the 11 deforestation hot spots that will account for over 80% of forest loss globally by 2030, the Greater Mekong could lose an additional 5-30 million hectares of resource-rich forest in the coming decades if no immediate action is taken. *(WWF 2015)*

The 2015 forest fires in Indonesia cost the country an estimated US$16.1 billion. *(World Bank, 2016)*

Indonesia has the largest forest area in ASEAN, accounting for 43% of the region's forest area. Its forest area declined from 65% in 1990 to 50% in 2015. Indonesia loses 620,000 hectares of rainforest annually, an area almost 9 times the size of Singapore. *(World Bank, Greenpeace International)*

Salinity intrusions in the Mekong Delta, which cost an estimated economic loss of US$700 million in 2015, is reaching further up to 140 km into the Delta due to over-extraction of water from the Mekong River. *(WWF 2016)*

Sea levels are expected to rise by 33cm by 2050 and one metre by 2100. 22 million people in Vietnam, especially those living in the Mekong Delta, will lose their homes if the sea level rises by one metre. *(UNDP, 2008)*

Bangkok may be underwater in the next 15 years due to sinking land and rising global sea levels. *(The Weather Channel, 2015)*

A 30cm rise in sea level in 2040 could result in the loss of about 12% of rice production in the Mekong Delta of Vietnam. *(World Bank, 2013)*

The coastal provinces of Kampot and Kaeb in Cambodia have seen their coastlines recede up to 200 metres in recent years. *(The Straits Times, 2015)*

Fisheries, especially from wild capture, make up between **47% and 80%** of animal protein consumed by the people in the Lower Mekong Basin. *(WWF, 2014)*

This infographic is taken with permission from issue 1/2017 of *ASEANFocus*, published by the ASEAN Studies Centre at ISEAS-Yusof Ishak Institute.

Achieving Energy Efficiency in Singapore

By

RONNIE TAY

Chief Executive Officer, National Environment Agency

By improving the energy efficiency of their facilities and operations, including adopting solar energy, companies can benefit their bottom lines and image while making significant headway in mitigating climate change and ensuring the sustainability of their business.

The 2015 Paris Agreement of the United Nations Framework Convention on Climate Change was the first global legally binding pact on climate change with universal participation (Ed: see page 9 for details of the Paris Agreement).

In September 2016, Singapore ratified the Paris Agreement. It pledges to reduce emissions intensity (the amount of greenhouse gas emitted per dollar GDP) by 36 per cent from 2005 levels by 2030 and to stabilise greenhouse gas (GHG) emissions to peak around 2030. This pledge will require concerted efforts of all stakeholders, including individuals, households, businesses, NGOs and the government.

Fossil fuel energy

Singapore is heavily reliant on imported fossil-fuel-based energy sources. Most of our electricity is derived from natural gas, the fossil fuel with the lowest carbon footprint.

Among the renewable sources of energy, solar holds some promise for Singapore. With limited land mass that can be used to farm solar energy, conventional electricity generation technology will continue to be the main option in the foreseeable future.

Given the future scarcity of fossil-fuel-based energy sources, improving energy efficiency is and will continue to be a key strategy in reducing Singapore's reliance on imported energy sources and mitigating our GHG emissions across the key energy consuming sectors of our economy.

The manufacturing sector accounted for 59 per cent of Singapore's GHG emissions in 2012 and is expected to account for more than half of the projected emissions in 2030. In order for Singapore to meet its emissions reduction targets, the manufacturing sector must therefore step up to re-examine their processes and further improve their energy efficiencies.

Mandatory energy management requirements for energy-intensive industrial companies were introduced through the Energy Conservation Act (ECA) in April 2013. ECA companies are required to appoint at least one certified energy manager to monitor and report their energy usage, and submit energy efficiency improvement plans to the National Environment Agency (NEA) annually.

Based on an analysis of the energy efficiency improvement plans submitted, the industry achieved energy efficiency improvement rates of around 0.4 per cent and 0.6 per cent in 2014

Government Initiatives to Enhance Energy Management

Regulation

ECA companies will be required to put in place a structured EnMS by 2021 or 2022 (depending on their facility's energy consumption) and carry out regular assessments to identify energy efficiency opportunities, with the first assessment to be conducted by 2021.

Companies will also enjoy greater life-cycle cost savings with the introduction of Minimum Energy Performance Standards for common industrial equipment and systems, starting with motors in 2018. This will help weed out the most energy inefficient equipment and systems from the market.

From 2018, companies with new energy-intensive industrial facilities and major expansion projects will be required to conduct design reviews to identify energy and carbon efficiency measures as many system design synergies are only available early in the design process. These companies will also be required to report energy use and energy performance of key energy consuming systems using measured data.

Energy Efficiency Fund

In April 2017, NEA announced the Energy Efficiency Fund (E2F), which consolidates existing energy efficiency incentive schemes. E2F supports a wide range of energy efficiency efforts including energy assessments, energy efficient design of new facilities, and energy efficiency investments.

E2F is designed to meet the evolving needs of the industrial sector, from facility development through to operations and retrofitting.

Capability Development

To foster a culture of sustained energy efficiency improvement in the industry, the Energy Efficiency National Partnership (EENP) programme was launched in April 2010 by the NEA, the Economic Development Board and the Energy Market Authority.

The programme fosters a learning network for the industry to learn about energy efficiency ideas, technologies, practices, standards and case studies. NEA partners with external experts to conduct masterclasses on energy management of common industrial energy consuming systems, such as heating, fan, pumping and compressed air systems.

The EENP Awards recognises the efforts and achievements of corporations and teams for excellent energy management practices and improving energy efficiency.

In October 2017, NEA will organise the National Energy Efficiency Conference (NEEC) to encourage companies to adopt a proactive approach towards energy management.

NEA also supports the development of expertise that companies can tap to drive energy efficiency improvements. The Singapore Certified Energy Manager Programme was established to grow technical and professional energy management capabilities in Singapore. In addition, the Energy Services Company Accreditation Scheme enables the industry to have ready access to companies providing quality and professional energy services in Singapore.

and 2015 respectively. While this is a good start, there is clearly room to do better. Leading countries such as Belgium and the Netherlands achieve around one to two per cent annual improvements in energy efficiency. Singapore needs to reach similar rates of improvements to meet our 2030 pledge under the Paris Agreement.

Gaps and potential

Where then are the opportunities for improvement?

In-depth analyses of common utility systems show that more than one-third of the boilers, more than half of compressed air systems and about three-quarters of the chilled water systems were operating at sub-optimal efficiencies. More than S$90 million of annual energy savings could be achieved if these systems were operating efficiently.

The practice of measuring, tracking and benchmarking energy performance of major energy consuming systems is an important element in successful energy management. However, among ECA companies, about 60 per cent of the energy performance of major systems reported were not tracked, and more than half of the companies measured less than one-third of the important parameters. These companies were therefore unable to manage their energy use effectively.

Most ECA companies do not currently have a structured energy management system (EnMS) in place. A structured EnMS, such as the ISO 50001, helps to continually manage energy use and performance as well as identify opportunities for improving energy efficiency. Studies have shown that a structured EnMS can help a company achieve energy savings of at least 10 to 15 per cent in the first few years alone. Some countries such as Japan and those in the European Union have incorporated this practice in their regulations.

Of the energy efficiency improvement measures reported by ECA companies in 2016, 75 per cent of companies plan only within a two-year horizon, and most of the planned measures are expected to cost less than S$1 million with a payback period of less than three years. In order to increase the overall rate of energy efficiency improvements, a systematic process to identify energy efficiency opportunities (such as through an EnMS and regular energy audits) as well as the implementation of more complex (and higher cost) projects may be needed. Such investments may not have been planned due to limited capital and capability.

To address the gaps identified, the government is introducing several initiatives to enhance energy management practices among the manufacturing companies (see box, "Government Initiatives to Enhance Energy Management").

Beyond energy efficiency to solar energy

Solar energy remains the most promising renewable energy source for Singapore. With an average annual solar irradiance of 1,580 kWh/m2/year and about 50 per cent more solar radiation than temperate countries, solar photovoltaic (PV) generation has great potential for wider deployment in Singapore.

The cost of solar energy adoption in Singapore has decreased significantly from about 70 cents per kWh in 2007 to between 11 and 15 cents per kWh in 2015. As it becomes comparable to the price of purchasing electricity from the grid, businesses can hedge against the volatility of the conventional electricity market and reap cost savings. Storage solutions such as batteries, which are becoming more cost competitive, could also be considered in future to store excess electricity generated and reduce peak demand.

Various models of solar adoption are depicted in schematic, “Solar Adoption Business Models”, giving businesses the flexibility to choose a solution that best meets their needs. ■

Dear Mr Sid

How sustainable is sustainability, anyway?

First, it was CSR, now it is sustainability. What is the difference between the two anyway?

And what does sustainability really mean? Shouldn't all companies be sustainable in the sense of being financially sustainable and maximising value for shareholders?

However, it seems that many people are interpreting "sustainability" to mean caring for the environment and the community. Shouldn't that be the government's responsibility? For an individual company to do more by way of being environmentally friendly, disadvantages it, relative to its competitors.

Wasn't it Milton Friedman, the famous economist who said that "the one and only social responsibility of business is to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game"?

I am a director of a finance company. We do not have to worry about the environment. We practise good CSR. We give money to the ST School Pocket Money Fund when we have good profits. (To be frank, it also gets us some good publicity in *The Straits Times*.) Is that not enough?

The important thing is that we are currently profitable and will pay good dividends to our shareholders. However, with the gloomy economic outlook, we worry if we can sustain this.

Unsustainably yours

Profit Is King

Dear Profit Is King

Your quotation from Milton Friedman is accurate.

What Friedman said in 1970 in a *New York Times* article "The social responsibility of business is to increase its business" pretty much became the gospel for the "maximising shareholder value" movement. Although Friedman was merely repeating what was already set out in his book, *Capitalism and Freedom*, which was published ten years earlier, it was the *NYT* article that propelled his thinking into the popular consciousness for the next 40 years.

Friedman's view was simple: Every business has only one social responsibility and that is to make as much money as it can for its shareholders. Of course, it has to do so within the rules of the game which are created by the government. If the government wants to protect the environment or the community, that is fine. It should then simply set the rules to do so. That way, it creates a level-playing field for all. For any company to do more than the rules, is unfair to that company's mission of maximising profit for its shareholders.

To be sure, Friedman's advocates were very respectable. They included the well-respected magazine, *The Economist*, which once declared that corporate philanthropy is a "morally dubious transaction" because it is "charity with other people's [shareholders'] money". So, if you follow that argument through, in your case, your company should not be donating to the ST School Pocket Money Fund (or any other charity). Instead, it should be returning the money to your shareholders who can decide on their own which charities they want to give to, if at all.

However, Friedman's philosophy is now not only out of vogue, it has been condemned in many quarters. In 2013, Steve Denning tore apart the "tragically flawed premise of maximising shareholder value" in *Forbes* with "The origin of 'the world's dumbest idea': Milton Friedman", which he followed up in 2014 with, "Why the world's dumbest idea is (finally) dying".

New capitalism

Why the 180-degree shift in attitude and thinking? Well, take your pick: climate change, growing income inequalities, the global financial crisis... The list goes on.

"Brute capitalism", that is, capitalism carried to excess by the mantra of maximising shareholder value, is being blamed for all these ills.

In its stead, a new form of capitalism is emerging. It goes by different names – moral capitalism, the sufficiency economy, virtuous capitalism, and so on – but it has two central tenets:

- Companies should meet the needs of not just shareholders, but other stakeholders such as investors, customers, suppliers, employees, the community and the environment.
- Companies and the people who run them should focus on values (both human and community), and not just value (profits and economic).

These twin tenets tie in neatly with the intentions of corporate social responsibility (CSR) and the sustainability movement.

CSR

Friedman's advocates have long been at odds with those who champion CSR. But it is unfortunate that many CSR supporters have tended to equate CSR with corporate giving. It is not that giving is wrong, but giving, per se, is actually an optional component in the definition of CSR. Let me explain.

CSR is about good corporate citizenship. It is about the business committing to address the economic, environmental, moral and cultural concerns of the communities in which it operates. This commitment should be actioned by progressive initiatives such as enlightened labour practices, ethical conduct, environmental responsibility, and, of course, corporate giving. In other words, corporate giving is not the basis of CSR, but the icing on the CSR cake.

CSR is therefore about balancing the interests of the different stakeholder groups within and outside the company.

Sustainability

Sustainability, on the other hand, seeks to balance resource usage over time. It also goes further than CSR to require the company to respond to the interests of its stakeholder groups.

The roots of the sustainability movement can be traced to concerns of climate change, environmental degradation and overconsumption, and how life on planet earth will be unsustainable for humans unless there are major changes to the way we all currently work and live.

Thus, in 1987, the World Commission on Environment and Development (also known as the UN Brundtland Commission) defined sustainable development as development that "meets the needs of the present without compromising the ability of future generations to meet their own needs."

However, as other societal concerns such as the growing income divide and labour exploitation bubble to the surface, emphasis on the social and governance aspects of good corporate citizenship became included in the sustainability agenda.

What constitutes sustainability is now often been defined in terms of the 3P's: planet, people and profit or, alternatively, ESG: environment, social and governance.

You will notice that , under this model, making profits is part of being a sustainable enterprise. It is just not the be-all and end-all of an enterprise as in the Friedman model.

Indeed, these days, many companies view CSR as being the social part of sustainability, the "S" in ESG.

Applicability

In other words, the modern view is that sustainability is an important and relevant part of every company. All three aspects of ESG apply in different measures to a company.

So to answer your question as to whether you need to be concerned with the environment as a director of a finance company, the answer is "yes".

In general, environmental considerations impact many common aspects of corporate life such as energy consumption, waste and recycling.

In particular, if your company is to engage in responsible finance (which you should), then you need to consider the elevated risks that your clients in certain industries (e.g. agriculture, chemical and, oil and gas) face as a result of their adverse impact on the environment. The Association of Banks in Singapore has issued guidelines for responsible financing based on the principles of disclosure, governance and capacity building. Ian Hong explores these matters in his article, "Responsible financing to enhance financiers' and borrowers' accountability" on page 50.

Meanwhile, congratulations on your company doing so well and being able to pay a good dividend to your shareholders. May you continue to do so on a sustained basis.

Yours sustainably

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 and other resource materials, he relishes answering questions from SID members about corporate governance and directorship matters. But when the questions get tough, he transforms into SuperSID and flies out to his super network of boardroom kakis to find the answers.

Mr Sid's References (for this question)

Board Guide

Section 4.10: Corporate Social Responsibility and Sustainability

Appendix 4K: The Evolution of CSR and Sustainability

Section 7.12: Community

Board Risk Committee Guide

Section 5.11: Sustainability Reporting

Boardroom Matters

Vol 1, Chapter 46: Towards a New Normal for Business, by Robert Chew

Vol 1, Chapter 50: Embracing the "New Capitalism", by Graham Owen

Vol 3, Chapter 47: For Whom Shall Boards Govern?, by Lawrence Loh

Vol 3, Chapter 48: Improving Social and Financial Bottom Lines, by Patrick Liew

SID Directors' Bulletin

2014 Q3: The Emergent New Capitalism, by Stephen B. Young

SID Directors' Conference Book

2014: Get Ready for the Breakthrough Decade, by John Elkington

2014: The Capitalism We Need, by Constant Van Aerschot

Impact of Sustainability Trends on Business

By
K. SADASHIV

Boards and their companies should recognise that changing investors, regulators and societal expectations require that they pay closer attention to sustainability issues. At the same time, technological innovations and responsible investment funds create new growth opportunities for them.

The Singapore government has rolled out several sustainability-related initiatives in the last year:

- Sustainability reporting will be required on "comply or explain" basis for all listed companies from financial year ending 31 December 2017.
- A 30 per cent increase in water price (the first revision in 17 years) was announced in February 2017.
- A carbon taxation scheme to encourage reductions in greenhouse gas emissions was announced in the Singapore Budget 2017.

These initiatives will impact all stakeholders, including companies. Businesses will have to adapt their strategies and operations to remain competitive.

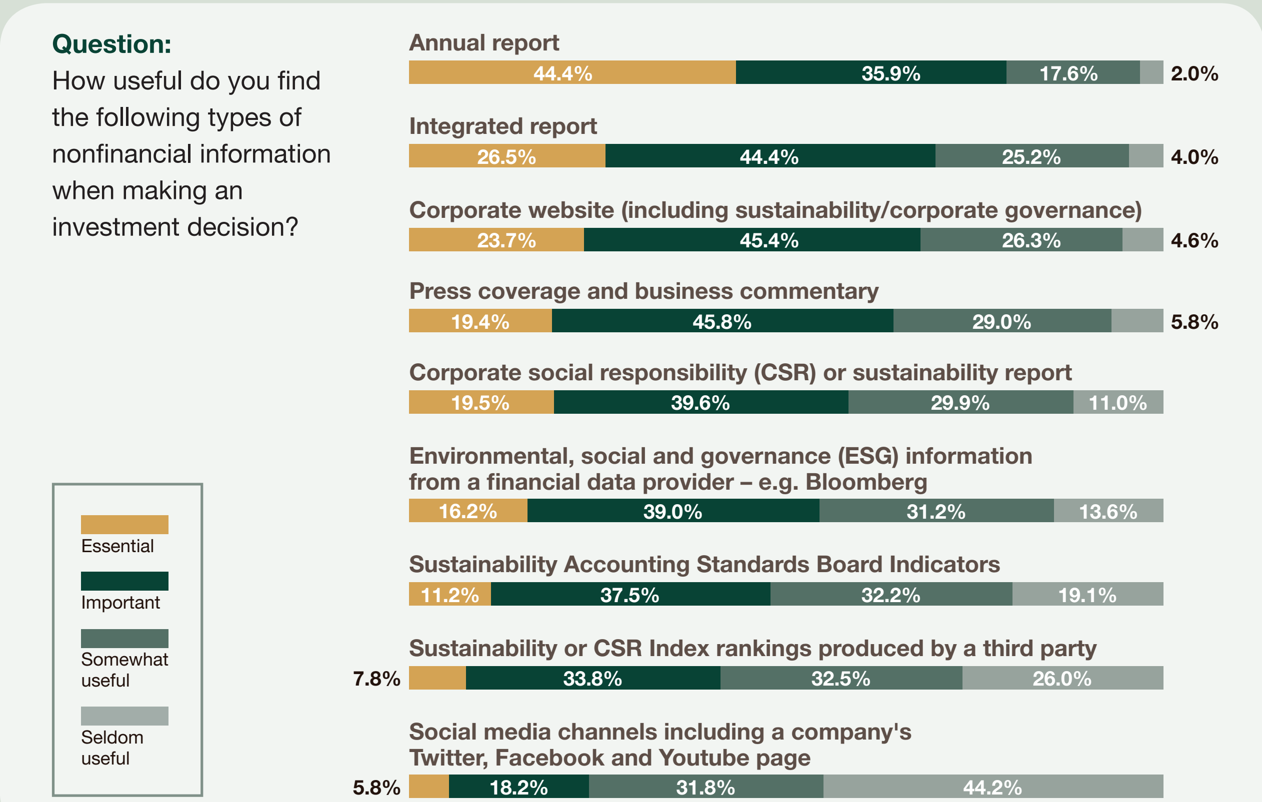
However, these initiatives may just be the beginning. Sustainability is of increasing importance, and it behooves boards to understand the trends to ride the waves of change.

Meeting investors' expectations

Traditionally, investors depended on financial information on the operations and profitability of a business for their investment decisions.

With sustainability issues becoming more prominent, disclosure of nonfinancial information, including sustainability or environmental, social and governance (ESG) factors, is increasingly expected.

A recent survey of investors found that beyond information on operational performance, investors look for disclosure of relevant and comparable nonfinancial information to evaluate the overall performance of the business, and they want them directly from the companies instead of third party sources.



Source: Tomorrow's Investment Rules 2.0 (EY, 2017)

Meeting regulatory expectations

From climate change to sustainable development, regulators are implementing more measures so that businesses will fall in line.

Increasingly regulators are pushing companies to operate sustainably by providing guidance on and / or mandating sustainability reporting.

The Sustainable Stock Exchanges is a peer-to-peer learning platform for exchanges to enhance corporate transparency and performance on ESG. It records about 20 stock exchanges that have introduced guidance, initiatives or regulations on the disclosure of sustainability information by listed companies. Examples of regulatory requirements include sustainability reporting, carbon disclosure project reporting, carbon taxation, cap-and-trade and the disclosures of the Financial Stability Board's (FSB) Task Force on Climate-related Financial Disclosures.

According to the Global Reporting Initiative (GRI), the number of disclosures made annually are rising.

Meeting societal expectations

Multinational corporations (MNCs) have been leading the way in disclosing their sustainability initiatives. MNCs have significant reach to the communities in which they operate through direct employment, supply chain and products or services that they offer.

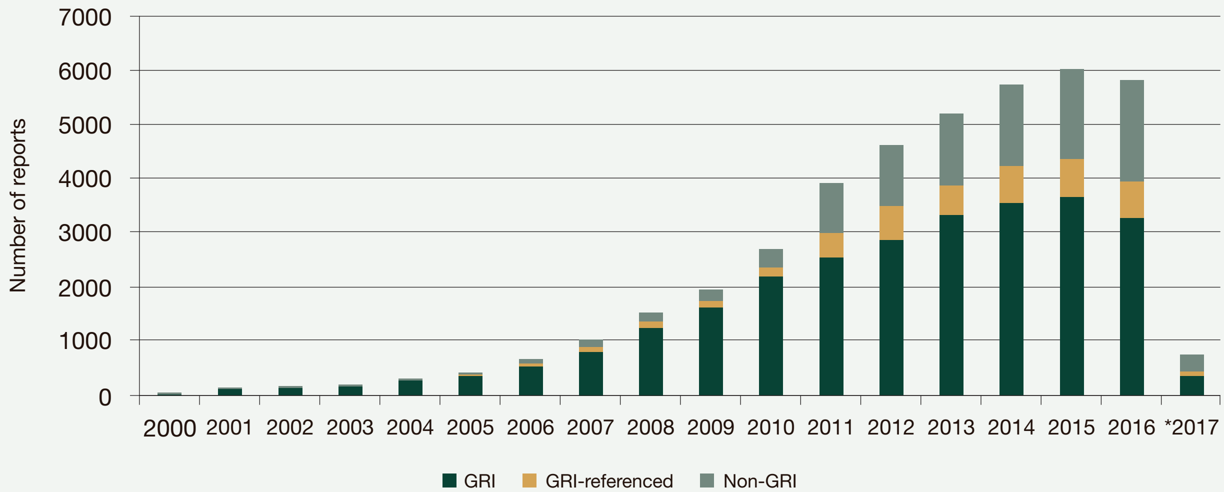
The actions of companies directly impact the community. When businesses do not meet societal expectations of proper corporate conduct, they may face backlash through actions such as product boycotts, as seen in cases involving the garment, footwear and tech products sectors.

Societies' expectations are captured succinctly by international organisations, such as the UN Sustainable Development Goals (SDGs), which recommends 17 focus areas that businesses should work towards in order to achieve sustainable development (Ed: see page 20 on the SDGs).

Fostering technological innovations

The sad fact is that too many businesses have operated with minimal consideration to

Number of Sustainability Reports published globally



Source: GRI database
*Updated as of 12 June 2017

sustainability. In addition, developments of processes, technology, products or services have also not taken into proper account the impacts to the environment and society. Yet technology provides an opportunity for companies to innovate and create new solutions that are based on and driven by sustainability.

Many businesses have successfully transformed their business strategies through sustainability-related innovations. IKEA, for example, created a US$1 billion business from energy-saving LED and solar panel products. Nike's *Flyknit* line of products that utilises recycled plastic bottles has also brought in more than US$1 billion in sales while diverting more than 180 million bottles from landfills and avoiding 3.5 million pounds of wastes from regular cut-and-sew footwear.

In Singapore, the push for sustainability has led to the emergence of a new cleantech industry, with applications in areas such as food waste.

Food waste contributes around 800,000 tonnes to Singapore's total waste and only 13 per cent of it is recycled. Food waste is organic matter with high moisture level, making incineration an inefficient solution. This has led to innovations and technologies being introduced to address this particular food waste problem, including some that can convert food waste into energy which can be either used onsite or fed into the grid. Not only does this technology reduce reliance on landfill, it also generates cleaner energy for its users while significantly reducing the space needed for disposing the food waste.

Accessing responsible investment funds

The quantum of responsible investments funds in the world has grown tremendously in recent years. In the US, ESG assets have nearly doubled from US$4.8 trillion in 2014 to US$8.1 trillion in 2016. This pool of fund is increasing and businesses are poised to access them if they have the sustainability credentials to qualify for them.

Locally, the Guidelines on Responsible Financing (2015) by the Association of Banks in Singapore has set the minimum standards on responsible financing to be integrated into banks' business model. Borrowers will then need to be able to meet these standards of responsible financing.

A more specific responsible investment product that is trending internationally and locally are green bonds. They give investors the assurance that the funds would be used on projects that deliver environmental and societal benefits.

(Ed: more detailed information on responsible financing and green bonds can be found in the article, "Responsible Financing to Enhance Financiers' and Borrower's Accountability" on page 50.)

In summary, sustainability business looks to be the way forward for businesses. Aside from the confluence of factors that are driving business to be more eco-conscious in the way they operate, sustainability also creates new growth opportunities for companies and brings about closer relationships with their stakeholders. ■

K. Sadashiv is Managing Director, Climate Change and Sustainability Services, Ernst & Young LLP. The views in this article are his and do not necessarily reflect the views of the global EY organisation or its member firms.

Responsible Financing to Enhance Financiers' and Borrower's Accountability

By
IAN HONG
Partner, Sustainability Advisory & Assurance, KPMG LLP

Banks have an important role in encouraging their borrowers to do no harm to the environment and society. Green financing opens up opportunities for organisations through innovative debt securities.

Since the global financial crisis of 2008, the role of finance has been placed under increasing public scrutiny.

Governments, regulators and local communities are calling for a global financial architecture which facilitates economic stability whilst advancing the goals of a progressive society and a sustainable environment.

Responsible financing

As part of this, financial institutions are being asked to practise responsible financing, where environmental, social and governance (ESG) criteria are incorporated into their lending and risk assessments.

In Singapore, the Association of Banks in Singapore (ABS) published a set of guidelines for banks in Singapore in October 2015 to advance responsible financing through a structured framework that is centred on the principles of disclosure, governance, and capacity building.

The ABS pointed out that irresponsible development, unsustainable business and commercial practices have adverse impacts on people and the environment. Therefore, financiers have an important role to play in shaping and expecting the responsible actions from their employees and clients.

In funding irresponsible businesses, financial institutions encourage the pursuit of business growth at the expense of local communities and the environment, and are therefore accountable to the public for the operations that they finance.

FIs – risks of irresponsible financing

Ignoring ESG criteria in risk assessment and lending processes could lead to reputational damage for financial institutions.

In March 2017, a group of Asian banks faced a backlash for providing funding to support the expansion of a coal-fired power plant project in Indonesia's Central Java province. The banks were criticised for deepening Indonesia's dependence on coal, and have been called upon to share the responsibility of the ensuing climate and health impacts.

In January 2017, Greenpeace International published a report identifying 18 banks involved in providing at least US$23.6 billion in financing to six companies within the palm oil industry. The six companies were accused of engaging in deforestation, exploitation of child labour, occupation of indigenous land without consent, and violation of the rights of local communities.

In addition to reputational risks, institutions which do not consider ESG factors could face increased credit risk on their investments. Businesses that engage in activities which endanger the environment or local communities are exposed to greater risk of legal liability and regulatory restrictions. These could result in loss of market value which may leave these companies unable to service their debts to the banks.

FIs – responding to responsible finance

Financial institutions can play a key role in advancing the sustainability agenda by implementing comprehensive policies to integrate ESG criteria into screening processes.

For example, Standard Chartered Bank applies Equator Principles to determine, assess and manage the societal and environmental impacts from infrastructure and projects that it finances.

In the agriculture sector, lenders and investors can also commit to a "No Deforestation, No Peat, No Exploitation" policy and engage with existing customers to ensure compliance.

Finally, financial institutions can lead on transparency by disclosing which companies they provide services to and the kind of services provided.

Companies – responding to responsible finance

For businesses, the shift towards responsible financing means the ESG implications on their business practices can directly impact their access to capital, and therefore their ability to expand and grow.

It behooves businesses to ensure socially and environmentally responsible practices within their operations not only to achieve sustainable economic development but also to ensure alignment with the values of increasingly responsible investors and lenders.

Even as they improve their practices, companies should disclose the policies and measures they employ to manage and mitigate ESG risks. The UK Task Force on Climate-related Financial Disclosures (TCFD) has released a set of recommendations on market expectations of disclosure in order to encourage firms to align their disclosures with investors' needs. Comparable and reliable ESG disclosures would instil investor confidence and influence investment decisions.

In addition, for many organisations, there is now a new form of financing by way of sustainable development bonds (SDBs). These are debt securities issued to finance activities or projects linked to sustainable development. SDB categories include:

- **Green Bonds.** Fixed income financial instruments used to fund projects, assets or business activities which benefit the environment. Green bonds represent the largest portion of the SDB market. The Climate Bonds Initiative reported that the global green bond

Green Bonds

What is it?

- A fixed-income financial instrument for raising capital through the debt capital market.
- The issuer publicly states it is raising capital to fund green projects, assets or business activities with an environmental benefit, such as renewable energy, low carbon transport or forestry projects.

What are the benefits?

- Access to a broader range of investors, and attracting new investors who are focused on ESG performance.
- Enhanced reputation and demonstration of its commitment and green credentials.
- Improved internal awareness of issuer's sustainability goals.

What are the costs?

- Upfront investments to define the bond's green criteria and sustainability objectives.
- Potentially, additional costs arising from tracking, monitoring and reporting processes.

What's happening in Singapore

- City Developments Limited successfully launched the nation's first green bond in April 2017. It raised S$100 million which will be used to repay a loan that was taken to fund improvements in energy efficiency at Republic Plaza.
- Monetary Authority of Singapore has announced that it will launch a green bond grant scheme in June 2017 which allows issuers to offset costs incurred from obtaining an independent review based on green bond standards.

market has grown from US$11 billion in 2013 to US$81 billion in 2016. Issuers of green bonds include Unilever, Apple and Toyota. See box on "Green Bonds" for further information.

- **Development Finance Institution (DFI) Bonds.** Bonds issued with the aim of raising capital to provide financial services to companies and governments in developing countries. These bonds are issued by DFIs such as The World Bank and the European Bank for Reconstruction and Development. DFI bonds form the second largest category in the SDB market.
- **Social Impact Bonds.** Financial instruments with a "Pay for Success" model, where private investors fund public projects with the aim of improving social outcomes and reducing government spending. Investors receive a financial return from a proportion of the cost savings delivered if social outcomes are improved based on an agreed-upon set of metrics. Social impact bonds represent a small but growing section of the SDB market.

With the changing landscape and increased focus on sustainability, financial institutions and companies should be more aware of the risks and opportunities that it brings. Green financing is increasingly becoming an additional source of funds while ESG is progressively being integrated in lending and investing practices to safeguard interests and advocate sustainable economic development. ■

How can we do business when nature is no longer free and unlimited?

By
CONSTANT VAN AERSCHOT
Executive Director,
Business Council for Sustainable Development Singapore

A new reality of driving for a more sustainable world is upon us. Boards that understand this will include natural and social capital in their guidance. They will account to all stakeholders that their business depends upon and impacts. By doing so, they will ensure the long-term profitability of their company.

Recently, a board director said: "I care about the environment. I regularly go hiking in the forests on Sundays. But what has the environment got to do with my business?"

This mindset conflicts with a director's duty of care for the company: it ignores the huge potential economic opportunities, it is socially unacceptable, and it is increasingly legally dangerous.

The turning point

The year 2015 saw the approvals of the Paris Agreement on climate change and of the UN Sustainable Development Goals (SDGs). These two landmark events are catalysts for moving the world towards a decarbonised economy and for a new type of growth that accounts for natural and social capitals.

Less than two years later, Singapore announced a price on carbon to help fulfil its climate change commitment, and SGX mandated sustainability reporting from FY2017 onwards.

Why this is happening now

This is no fad.

The world's population has increased by about 150,000 people every day for the last century. Since 1971, we have been exceeding the bio-capacity of our planet to regenerate what business and society needs most: water, air, resources, functioning ecosystems, and a stable climate that ensures predictable weather patterns so vital for food production, supply chains and other business critical inputs.

Our economic model is based on the assumption that infinite growth is possible in a finite world. For more than 40 years we have known this flaw but did very little about it. Now, climate change has tangible negative effects on business, starting in the agricultural sector. We have scientific consensus on, and political commitments towards climate change. There are new demands from customers for more sustainable products, and disclosure requirements from society.

Risks and opportunities for boards

After 2015, boards can no longer ignore climate change as peripheral to the company.

Boards are responsible for defining the level of risk a company should not go beyond.

What Boards Should Do About Sustainability

Board governance of sustainability
Sustainability should not be parked in a separate CSR committee. Sustainability touches all aspects of business. Ideally, there should be a separate board-level Sustainability Committee, or otherwise embedded in the Board Risk Committee or Board Strategy Committee.

Board composition
At least one board member should have the necessary knowhow on environmental and social issues, and the experience in managing them effectively. The board should also be informed and aware of this fundamental dimension and regularly updated.

Information and time
Board members should receive relevant information well ahead of board meetings. The board agenda must set time aside for sustainability issues and not allow them to be hijacked by other seemingly pressing matters.

Stakeholder engagement
Stakeholders are more than shareholders. The Code of Corporate Governance requires the board "to ensure that obligations to shareholders and other stakeholders are understood and met" (Guideline 1.1). Shareholders are thus viewed as one of the many stakeholder groups and the board has a much wider range of obligations than commonly assumed. The board needs to identify relevant stakeholders, and decide on how they engage with them.

Disclosure and transparency
The board has responsibility to ensure that external reporting is done in a fair and consistent way. This now includes sustainability reporting.

They must question management on how the company will handle these new risks. Failing to do so will endanger the long term success of the company.

Recent examples include the investigation of ExxonMobil for lying to the public and to its shareholders about the risk that climate change poses to its business. Hans Dieter Pötsch, board chairman of Volkswagen, is now also under investigation over the diesel emissions scandal.

Besides risks, sustainability imperatives also bring new opportunities quantified at US$12 trillion by the Business & Sustainable Development Commission. Its latest report, *Better Business, Better World* lists the 60 biggest market opportunities related to delivering the SDGs.

It is thus important for boards to fully understand the new environmental and social issues, and how they impact their business strategies and resilience.

Boards must take the lead
For boards and directors to respond to the challenge of sustainability, they should first ask themselves two basic questions:

- As a director, how much do you (really) know about sustainability?
- As a board, are you spending adequate time on sustainability matters, and are you sufficiently challenging your senior management on the issues?

The box "What Boards Should Do About Sustainability?" shares some good practices in this area.

Case examples of companies leading the way are found in the following pages. ■

Sustainability Case Study 1

Creating Value for Business

Being the only company in Singapore listed on the Global 100 Most Sustainable Corporations in the World for the past eight years has reaffirmed the ability of CDL's sustainability strategy to create strong value for its business and investors.

CITY DEVELOPMENTS LIMITED

By
ESTHER AN
Chief Sustainability Officer, City Developments Limited

For over two decades, City Developments Limited (CDL) has been at the forefront of sustainability integration in Singapore. Initiated by then Managing Director, the late Mr Kwek Leng Joo in 1995, our ethos of "Conserving As We Construct" has since guided company-wide commitment to integrate sustainability practices into all aspects of business and operations, engaging both internal and external stakeholders.

Green Practices and Innovations

CDL has been investing two to five per cent of the construction costs of each new development in green features, driving innovation and adopting it in our operations.

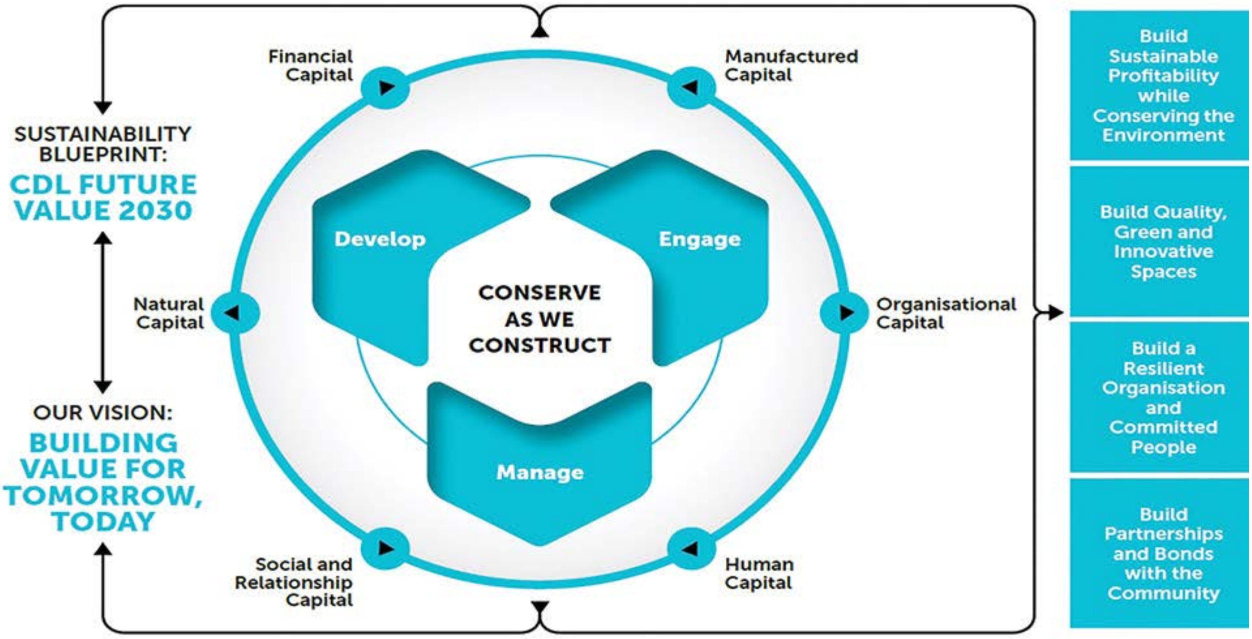
One example is the 24-storey vertical green wall at Tree House Condominium, which was listed as the largest vertical garden in the Guinness World Record in 2014. The green wall's cooling effects have conserved an estimated 15 to 30 per cent of energy for all the 48 house owners every year.

Our pioneering use of the Prefabricated Prefinished Volumetric Construction technology for large-scale private residential development, The Brownstone Executive Condominium, is expected to raise productivity by over 40 per cent and achieve a cleaner, safer and more sustainable worksite.

The extensive and exceptional green features at City Square Mall, Singapore's first Eco-mall, reduced operational costs significantly since its opening in 2009. The eventual payback period of 2.5 years is significantly shorter than the industry's average of four to seven years. The mall's outstanding sustainability performance makes it the ideal location for CDL's Singapore Sustainability Academy which was launched in June 2016.

Beyond green building innovations, we also engage our suppliers, tenants and industry peers to encourage sustainability integration throughout our value chain. The CDL Green Lease Partnership Programme not only helps our tenants to monitor and manage their energy use, but also guides them to achieve the Green Mark Office Interior certification. In addition, the annual CDL 5-Star Environmental, Health and Safety (EHS) Awards have recognised contractors with exemplary EHS performance since the early 2000s.

These practices have helped place Singapore on the global map of sustainability. CDL is in several leading global sustainability benchmarks, and was most recently ranked as the Most Sustainable Corporation in Real Estate Management & Development and Top Singapore Company in



the eminent 2017 Global 100 Most Sustainable Corporations in the World.

CDL Future Value 2030

2030 is a clear milestone year for global climate action and sustainable development goals, against which we launched the *CDL Future Value 2030* blueprint in early 2017.

The blueprint aims to future proof CDL's business through a three-pronged strategy as a developer, an asset owner and a corporate citizen. Through effective policies and practices, CDL's ESG integration model will continue to create long lasting value for its brand, business operations, and stakeholders including customers, investors and the community.

Most importantly, the blueprint sets clear direction and ESG goals towards 2030 that are aligned with specific UN SDGs relevant to our core business. Some of the enhanced ESG goals include:

- To reduce carbon emissions by 38 per cent and usage intensity of electricity and water by 25 per cent from baseline year 2007.
- To reduce waste disposed by 50 per cent.
- To maintain 100 per cent tenant participation in CDL Green Lease Partnership Programme.
- To ensure that 50 per cent of appointed suppliers are certified by recognised environmental standards.
- To ensure that 50 per cent of our construction materials are derived from recycled content, and certified eco-friendly or low-carbon sources.

The road ahead will be challenging, especially with finite resources and high business costs. Nevertheless, we believe that our sustainability-centric strategy will continue to give us first-mover advantage and enable CDL to create greater value for our business, stakeholders and the planet. ■

Sustainability Case Study 2

Going green in all ways

StarHub has always been ahead of the curve when it comes to sustainability. It started producing full-fledged sustainability reports six years ago, and its efforts have been recognised by the prestigious Corporate Knights Global 100 list of the most sustainable corporations in the world.

By
TAN TONG HAI
CEO, StarHub

Sustainability is increasingly a hot topic.

At StarHub, we seek to be sustainable in all areas, whether it be with the environment, our customers, or the community.

Saving the environment

As an info-communications company, most of our energy footprint lies in our data centres and telecommunications networks. The smartphone revolution has resulted in massive data growth and an unprecedented expansion of data centres, which in turn increases energy consumption and carbon footprint.

To tackle this, we have invested in clean technology to upgrade our telecom, wireless communications and cable TV infrastructure. For example, solar-powered mobile base station transceivers (BTS) are installed at StarHub Green, our headquarters, and on the rooftop of IKEA Alexandra.

We have also managed to enhance the reliability and quality of service provided to our customers while minimising our environmental footprint. In fact, our absolute Greenhouse Gas (GHG) emissions have dropped 11 per cent in 2016 since 2010 even as we expand our infrastructure.

Engaging customers and community

We continually engage our customers in our green initiatives by encouraging them to do their part in giving back to the environment and society.

Customers can opt to receive electronic statements instead of printed bills, an initiative which saved an estimated 12,700 kilograms of paper in 2016. Complementing the electronic bill, My StarHub app, available on both the iOS and Android platforms allows customers to view the details of their accounts and bills via their mobile devices.

For customers who still want their bills mailed, StarHub removed the business reply envelopes, saving about 15 tonnes of paper each year. However, customers who still wish to, can print the envelopes, which are downloadable from the StarHub website.

A cause close to our hearts is to find ways to best manage electronic waste (e-waste). Every year, Singapore disposes approximately 60,000 tonnes of e-waste, which is more hazardous than other waste because of the metals and toxic substances they contain. While there are many avenues for recycling paper, plastic, metal and glass, options for e-waste recycling were few and far between. Therefore in 2012, we partnered home-grown e-waste recycler TES (previously known

as TES-AMM) to launch the StarHub E-Waste Recycling Programme on Earth Hour. Under this programme, the public could recycle their e-waste.

The programme started with five bins across Singapore, and was eventually expanded and re-launched as REcycling Nation's Electronic Waste (RENEW) in 2014. This is a community initiative by three companies (StarHub, TES and DHL as logistics provider). Today, with 395 bins at 341 locations island-wide, RENEW has become Singapore's most inclusive and extensive e-waste recycling programme.

StarHub customers are currently the only ones in Singapore who can redeem their StarHub

Rewards points from the company's loyalty programme for tax-deductible contributions to charities or non-profit organisations such as WWF, Care Corner Counselling Centre and MINDS Towner Gardens School.

To bridge the digital divide, we launched the 4G4Good charitable drive for StarHub post-paid customers to pledge their unused SMS, talktime and mobile data to the less privileged. Over 7,300 pledges were received, benefitting 500 recipients from five local charities.

We also introduced Golden Gurus – tech savvy senior citizens who are trained to be information technology champions to their peers. These Golden Gurus are supported by social media and other online tools.

Looking Forward

In spite of all this, our work is not done. We recognise the critical role wireless and telecom technologies play in the world's transition to a lower carbon economy.

To take us to the next level of sustainability, we are now moving beyond compliance to integrating sustainability into our business operations in order to create shared value for the company, our stakeholders and the community. ■

Sustainability Case Study 3

Engaging Stakeholders, Creating Impact

Singapore's leading "retailer with a heart" strikes a balance between doing good and doing well.

By
SEAH KIAN PENG
CEO, NTUC Fairprice Co-operative Limited

For over 40 years, FairPrice has stayed true to its social mission of moderating the cost of living. While doing so, we remain mindful of being a responsible corporate citizen by ensuring our efforts are sustainable through the four pillars of responsible retail, community care, sustainable environment and wonderful workplace.

FairPrice SME Suppliers Support & Development Programme

These days, customers are increasingly conscious of their dietary habits and are always looking to lead healthier lifestyles and improve their overall wellness. We complement these efforts by providing a broad selection of Healthier Choice Symbol and transfat-free products in our stores as well as promoting healthy eating initiatives and campaigns.

Besides caring for our customers, we extend our support to local small and medium enterprise (SME) suppliers in various ways. One is through the FairPrice SME Suppliers Support Development Programme, which helps SMEs reduce their cash flow pressures, provide market support, and build their business expertise and network. In addition, FairPrice regularly holds a "Made in Singapore" Fair to promote awareness of locally-made products. In 2016 alone, we invested over a million dollars in these initiatives, helping over 300 SME suppliers.

Community Care

Other than making sure that daily necessities remain affordable for the masses, we also "Do Good" for our community.

One of the ways in which we do so is through the FairPrice Foundation. Launched in 2008, it is a nation-building and community-galvanising platform in which to do more for the poor and needy. To date, FairPrice has donated S$108 million to FairPrice Foundation to support like-minded causes.

Beyond corporate philanthropy, we stay engaged with the community through the FairPrice Volunteers Programme, which encourages our employees to volunteer with charities. Since 2012, we have collectively contributed more than 5,000 volunteer hours on a yearly basis to a wide spectrum of social causes.

Sustainable Environment

As we grow our business, it is inevitable that our environmental impact become more significant. We look into ways where we can reduce this not only through changing our physical infrastructure but also continually engaging our customers to join us in our attempt to reverse climate change.

For instance, we adopted the Building and Construction Authority's Green Mark Scheme for Supermarket in 2012. Today, 26 of our stores are Green Mark stores with 21 of them awarded at least a gold rating.

On the same thread, we seek to reduce food waste by repackaging unsold but still perfectly wholesome food and selling them at a marked down price, through our "Great Taste Less Waste" programme. Since it piloted in May 2015, as much as 210,000 kilograms of fruits and vegetables were saved.

FairPrice donates $20,000 worth of unsold grocery items every month to Food from the Heart, a non-profit charity that reaches out to the less fortunate by alleviating hunger through their food distribution programme. These initiatives have managed to reduce our food waste by about 45 per cent since it started.

FairPrice also encourages customers to reduce the use of plastic bags by giving out a 10-cent rebate when they "BYOB" (Bring Your Own Bag). Last year, the BYOB scheme helped saved over 10.9 million plastic bags.

Wonderful Workplace

We want to make FairPrice the best place to work for our employees. We employ nearly 10,000 people, all of whom are from diverse social backgrounds, ethnicity, religion, age and abilities. We provided our employees with over 210,000 hours of training in 2016 alone. We would support and fund the academic pursuits of those employees who wish to upgrade themselves.

While we strive to ensure competitive remuneration, we believe in retaining good employees through effective engagement via platforms such as internal communications, dialogues as well as recreational activities. For employees who have done well, we recognise and commend their achievements by awarding special badges, achievement certificates, overseas incentive trips, and FairPrice vouchers.

Our sustainability journey has unveiled a multitude of opportunities that allow us to develop internally and expand externally. We are optimistic of the times ahead and we look forward to working closely with our stakeholders as Singapore's leading retailer with a heart, here to make everyone's lives better. ■

Smaller firms can think bigger on sustainability

By **WILSON CHEW**
Council member, SID

SID SINGAPORE INSTITUTE OF DIRECTORS | BOARDROOM MATTERS

The year 2016 was one of the hottest years on record. Across the globe, temperatures soared as climate change continued to wreak havoc. For companies, especially, the uptick in heat is a stark reminder of the urgent need to push ahead with business strategies that incorporate sustainability efforts.

That said, companies and regulators have made considerable progress in adopting sustainable growth models. For instance, the Singapore Exchange has incorporated sustainability reporting into its governance regime on a "comply or explain" basis.

Meanwhile, large corporations are increasingly cognisant of the need to adopt more environmentally and socially sustainable means of growth. Some Singapore firms such as SingTel and City Developments are even leading the agenda: they rank among the top 100 Most Sustainable Companies, according to the Toronto-based magazine and research firm, Corporate Knights.

But the push for sustainable growth cannot be left solely in the hands of a few large and enlightened firms. Smaller firms must step up and play their part.

Focusing efforts on small firms

It's practically axiomatic that SMEs are crucial to the functioning of any economy. After all, they employ the largest number of workers, they contribute the bulk of growth, and they are the main driving force behind the growth of most countries.

In 2010, the OECD stressed that "the prospects and strategies for a green growth economy cannot be entirely understood without taking fully into account the production, technology and management practices of [SMEs]".

In Singapore, SMEs make up 99 per cent of the country's enterprises. They employ 70 per cent of the workforce and contribute nearly half the GDP. Imagine the exponential effect if each of these firms were to take an aggressive, proactive approach to sustainable growth.

To be certain, SMEs face several practical challenges in this area.

The first is really understanding what corporate sustainability actually involves. Many continue to equate sustainability solely with environmental or green growth factors, when the ambit is much wider. For instance, a construction firm's main sustainable issues will include not just the environment, but also feature the physical safety of its workers.

Part of the solution here is to continue working to raise the awareness and educate the business community, but more needs to be done.

A more fundamental problem is this: for many SMEs, sustainable growth remains an aspiration, rather than a necessity. With the survival of the company at stake, how can SMEs be reasonably expected to divert their attention from growth to sustainable growth? Embedded in this question is the issue of costs: Does sustainable growth mean having to spend more money to achieve the same growth?

Corporate strategy is the starting point

The answers are found by re-examining the company's starting point, or its corporate strategy.

The company's directors who formulate corporate strategy owe a duty of care to the company. Here, care does not simply mean ensuring that shareholder profits are maximised. It means care for the entire company – from where it procures materials, providing fair benefits to its staff to taking care of the physical environment in which it operates.

The point is that when small but growing firms adopt good sustainable practices early, there is a good chance that as they grow, they will continue to have the same outlook.

What's more, sustainable practices make for good business. Shares of the hundred most sustainable companies in the world, according to a list put together by consultancy Corporate Knights, have done exceedingly well. Every $100 invested in this Global 100 back in 2005 would have multiplied to $232 by 2016.

What is encouraging is just how many small Singapore clean energy and logistics firms run socially and environmentally responsible businesses. They show that sustainable growth is possible, even for SMEs. A good example is Greenpac, a home-grown green packaging company. From a one-woman firm that started in 2002, founder Susan Chong has created a multimillion dollar business that employs over 30 staff, and provides eco-friendly packaging to Fortune 500 companies.

Many small business owners already take the opportunity to give back to society, whether through corporate philanthropy or volunteerism. The next stage is to embrace sustainability in ever more ways: good labour relations, ethical practices, and positive environmental and community impact.

The challenge now is to institutionalise this mentality as part of a company's overall strategy, and to spread the word in the firm and the community.

And if it is not already clear: there is no longer any debate that when companies, large or small, do good, they also do well. ■

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

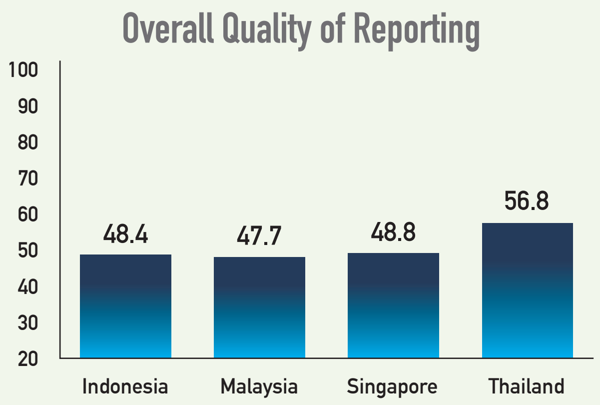
Sustainability Reporting across ASEAN

By
DR LAWRENCE LOH
Director, Centre for Governance, Institutions and Organisations (CGIO),
NUS Business School, National University of Singapore

In July 2016, CGIO and the ASEAN CSR Network released the comparative results of the state of sustainability reporting of the 100 largest listed companies in each of four ASEAN countries – Indonesia, Malaysia, Singapore and Thailand.

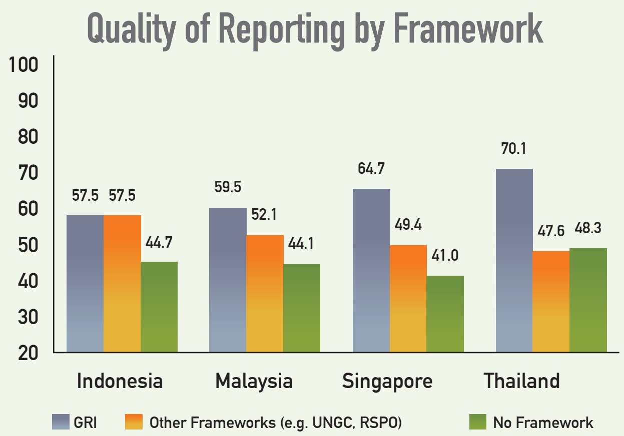
The study assessed the level of disclosures based on GRI guidelines, condensed into 23 criteria which were in turn grouped into four domains: Economic, Environmental, Social and Governance (EESG). Disclosures on three other areas of Strategy and Analysis, Materiality and Stakeholder Engagement were also reported for companies in the study. This article sets out the key findings from the study.

Quantity and Quality of Reporting



- All 100 of the top listed companies in Indonesia, Malaysia and Thailand produced sustainability reports because their listing rules require them to. In Singapore, only 71 out of the 100 listed companies did as sustainability reporting is not mandatory (it will be from FY2017).
- The quality of sustainability reporting as measured by various indicators in the Economic, Environmental, Social and Governance (EESG) domains is shown in the chart. Thailand ranked the highest.

Framework and Newness Effects

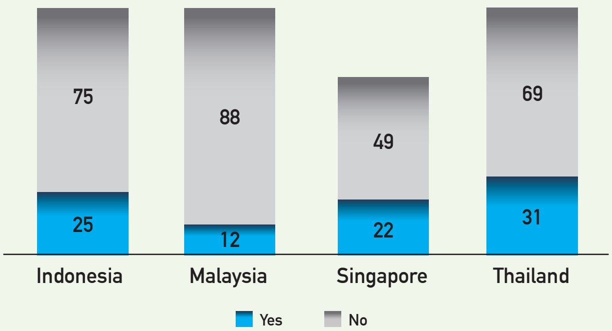


- Companies adopting a recognised framework such as the Global Reporting Initiative (GRI) have better quality in their sustainability reporting. The differential is notable. In Singapore's case, the difference in score between no framework and the GRI framework is a whopping 58 per cent. The implication of the "framework effect" is that it may be easier for a company to leverage on a tested method like the GRI rather than reinvent the wheel.
- For the Singapore results, there is a "newness effect". Companies adopting sustainability reporting for the first time had a lower quality score of 40.1 compared to those who have been reporting for three or more years (average score of 45.3). It behooves companies to come on board earlier.

Environment and Materiality

Materiality

Number of companies that listed material aspects

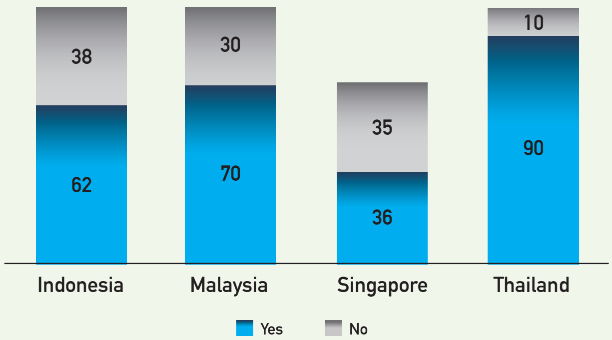


- In the EESG categories of sustainability disclosures, the strongest disclosures relate to the governance aspects across the four ASEAN countries.
- The lowest disclosures are in the environmental aspects. This may also be due to the possibility that these aspects have not been considered as "material" by the companies. Less than a quarter (24.7 per cent) actually identified the material aspects. Singapore fared satisfactorily with almost one-third (31 per cent) disclosing materiality, but this is still a far cry from what it should be – 100 per cent.

Stakeholders and Leadership

Stakeholder Engagement

Number of companies that disclosed stakeholder engagement and inclusiveness, policies and procedures



- Only two-third (68.2 per cent) of ASEAN companies disclosed their stakeholder engagement. Singapore scored the lowest with 50.7 per cent against Thailand's 90 per cent. If we drill deeper into this domain across ASEAN, some 51.6 per cent provided a list of stakeholders and only 37.7 per cent highlighted the basis for identification and selection of stakeholders.
- On the role of top leadership, the study ascertained if there is any statement from the most senior decision-maker of the company on the relevance of sustainability to the organisation and its strategy for addressing sustainability. Singapore companies, with 62 per cent, scored below the ASEAN average of 70.7 per cent, and far below the best performer, Thailand, which had 90 per cent.

Caveats from the study

- The ASEAN results come from the large listed companies – the top 100 companies by market capitalisation in each country. An overall picture that includes the smaller companies is probably not better; it is likely to paint a grimmer picture on sustainability reporting, especially for Singapore.
- With all regulators mandating sustainability reporting, there is no doubt that it is here to stay. However, reporting is not a substitute for real sustainability. If nothing is done on sustainability, there will be nothing to report. The board's real role, ultimately, is to direct sustainability, not just report sustainability.

Enter the hybrids: Mixing mission and market

By **ROBERT CHEW**
Council member, SID

SUSTAINABILITY

Amidst the call for mainstream companies to embrace sustainability, a new breed of business organisations is springing up with sustainability at its core. They are demonstrating that they can not only compete on the quality of their products and services, but also on their ability to effect positive social and environmental change.

The business models of these organisations transcend the boundary between the for-profit and non-profit worlds. They have been variously called the "fourth sector", values-driven, mission-driven, and hybrid organisations.

These hybrid organisations exist on a spectrum (Ed: see page 13 for Kim Alter's Social-Business Hybrid Spectrum). On one end of the spectrum, we have the traditional non-profit organisations surviving on donations and grants. On the other end, we have the traditional for-profit organisations with little or no social mission and focused almost exclusively on profit-making.

Hybrids occupy the intermediate points between them. They may be non-profits that earn most or all of their revenue – without any philanthropic or governmental financial support. Or they may be for-profits with a business model designed to alleviate a particular social issue such as poverty, education or the environment.

Take for example, Mozilla, the organisation that produces the Fire Fox browser and related internet technologies. Mozilla's Chairman Mitchell Baker described it thus: "Mozilla is an unusual organisation, perhaps even unique. But we are part of a new type of organisations – organisations that are mission-driven but use market mechanisms to achieve our goals. By 'mission-driven', I mean an organisation that exists to provide social and civic value." Mozilla is thus a hybrid that mixes mission and market with the scale and collaborative nature of the internet.

Legal construct

Hybrids, because of their nature, can be difficult to define and to finance. That is because of the lack of a proper legal framework for such organisations.

In most countries, including Singapore, an organisation usually has a choice of one of two main legal constructs: for-profit or non-profit.

If it is for-profit, it is established as a commercial company (such as a private limited company in the Singapore context) and its focus, for the most part, would be maximising returns to its investors. It would be subject to corporate income tax.

If it is a non-profit, it would have a social mission, and enjoy goodwill that can attract grants, donations, volunteers and pro-bono resources. And if it is set up as a charity, it enjoys substantial tax benefits.

An entrepreneur seeking to create a hybrid organisation faces a dilemma.

If the organisation is set up as a non-profit but sells products or services commercially, it will have to pay tax on revenues associated with those activities and it would not be able to reward its investors. Further, if it is a charity, it may not even be allowed to operate commercially; otherwise it could lose its tax-exempt status.

However, if the organisation is set up as a for-profit, it may be discouraged from pursuing its social mission by the pressures of competitive markets and shareholders who generally prioritise short-term profit maximisation over other concerns.

New legal constructs

Some developed countries, in particular, the US and the UK, have sought to create a third legal organisational construct that recognises the value of hybrids.

The UK was the first off the block with the creation of the Community Interest Company (CIC) in 2005. A CIC is a business with primarily social objectives whose surpluses are principally reinvested for that purpose in the business or in the community, rather than being driven by the need to maximise profit for shareholders and owners. Some 10,000 social enterprises were registered as CICs in the status' first ten years.

The equivalent of the CIC in the US is the low-profit limited liability company (L3C). The L3C is a hybrid structure that combines the legal and tax flexibility of a traditional limited liability company, the social benefits of a non-profit (it is usually designed to receive programme related investments from foundations), and the branding and market positioning advantages of a social enterprise. The L3C is obligated to be mission-driven so there is a clear order of priorities for its management and directors.

Only eight states in the US have legislated the L3C, Vermont being the first in 2008. A more successful form of hybrids in the US is the benefit corporation. This has been legislated in thirty states, Maryland being the first in 2010.

A benefit corporation generally has a list of required environmental, social and governance (ESG) factors that the company must consider in making decisions. In addition, it has to issue an independently verified annual report on its social and environmental impact alongside its financial results.

Sustainability underpins hybrids

Hybrids are sustainability driven. Rather than focus on reducing the negative social and environmental impacts of business activities, hybrids seek to create positive social and environmental improvements through their practices and products.

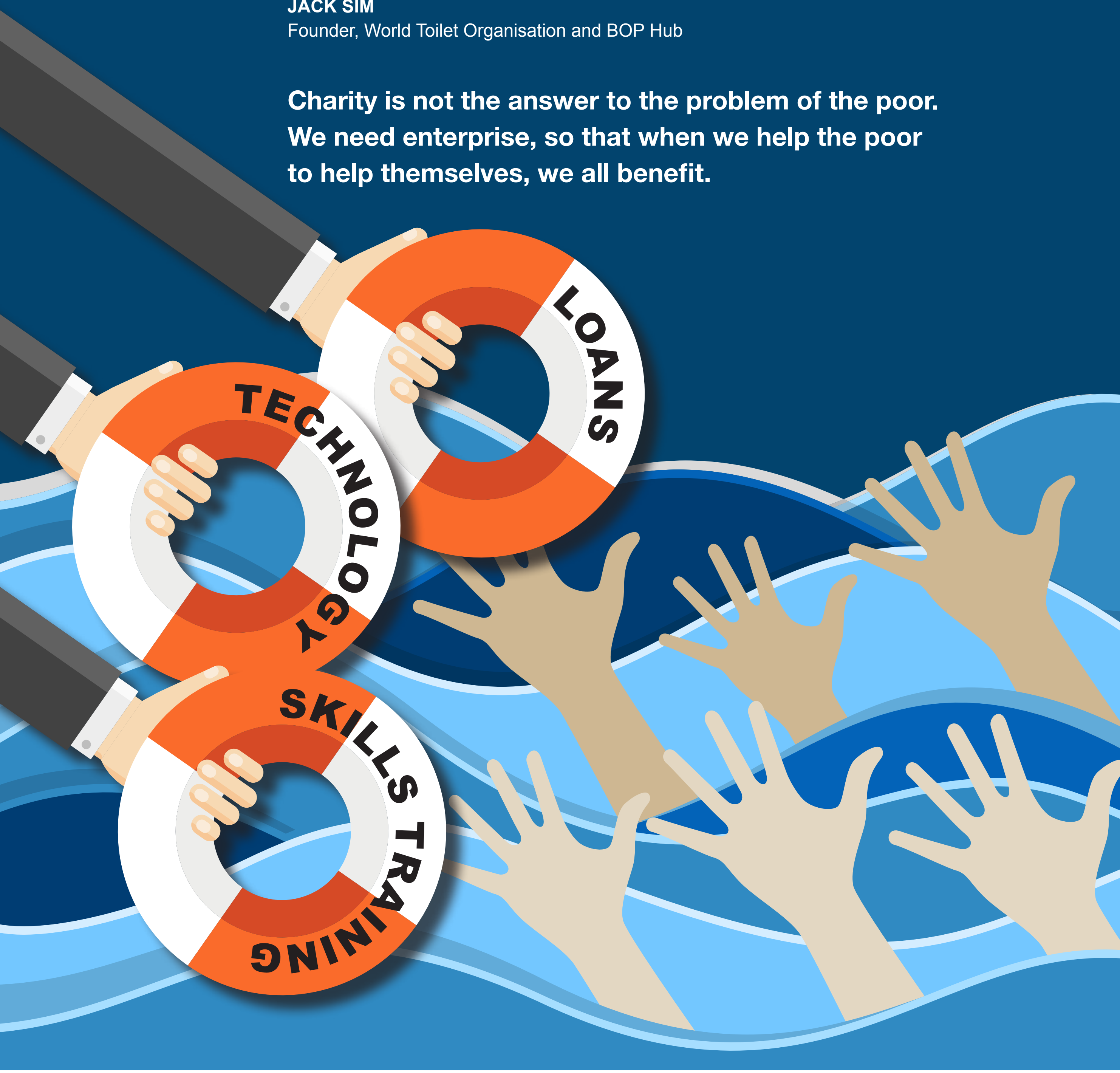
They dismiss old notions of trade-offs between economic, environmental and social objectives. Instead, hybrids seek generative and mutually enriching connections between their companies, the communities and the natural environments supporting them.

This is what mainstream companies should also be doing. ■

BOP: Swimming in the world's new and largest "Blue Ocean"

By
JACK SIM
Founder, World Toilet Organisation and BOP Hub

Charity is not the answer to the problem of the poor. We need enterprise, so that when we help the poor to help themselves, we all benefit.



There are a lot of poor people in this world who need help. The current model of helping them is through charity.

In 2015 alone, the total amount given to and spent by charity exceeded US$400 billion for major countries of US, UK, China and Russia alone.

Yet, the fact remains: charity has neither been effective nor efficient in ending global poverty. Much of the monies is spent on overhead costs of running charity organisations and paying intermediaries.

Today, about half of the world's population, or more than three billion, live on less than US$2.50 per day. More than a third of them live in extreme poverty – less than US$1.25 a day.

Nothing is for free

Perhaps we can take another look at this problem of the poor by taking a leaf from Singapore's transformation from third world to first. Singapore relied on building self-reliance with the mantra: "Nothing is for free." This has now become the model of excellence in development studies globally.

China emulated Singapore's model of development since 1986 and succeeded in getting 700 million people out of poverty in the last 30 years, the largest number recorded in human history. The Chinese did this through entrepreneurship and diligence without relying on donations.

Taking these examples, enterprise *can* be the solution to poverty.

However, enterprise has largely ignored the poor. While there are more than seven billion people in the world, those producing goods and services serve primarily the half in the rich and middle class.

The other half of the lower income folks are largely ignored by product manufacturers and service providers and excluded from our formal economy. These people are known as the Base of the Pyramid (BOP).

The Blue Ocean

While the developed world has stagnated in fertility growth, the BOP is now the only demographic increasing in population. The average population growth rates of Africa and developing nations are higher than the matured economies.

With market saturations in almost all of the OECD countries, the BOP marketplace is certainly the next new "Blue Ocean" we must not miss.

The poor need to buy everything from clean drinking water to solar energy, motorcycles, food, toilets, housing, healthcare, mobile phones, banking, etc. In short, the demand is massive and all enterprises should start learning how to serve this half of the world population as new customers.

Myths of the poor

So how did we miss this massive number of customers? It is because we were blindsided by two myths of the poor.

The first myth is that the poor is not profitable.

For the longest time, the poor are portrayed as helpless, hopeless and useless. Negative images of naked, hungry and dying children, are used by NGOs to emotionally blackmail the general public into donating monies to them. These images created a misunderstanding in the developed world that the poor are not profitable and associating with the poor must be a loss-making endeavour.

On the contrary, the poor are entrepreneurial, hungry and very hardworking. What they need are opportunities, skills training and marketconnectivity to increase their income and reduce their cost of borrowing.

The second myth, of course, is that donating money will get the poor out of poverty. In his book, *Dead Aid*, Dambisa Moyo describes how donations of US$1 trillion in the last 50 years to Africa have made the lives of the poor much worse than before.

Freebies distort the market with the price of zero, which no businesses can compete with. Without entrepreneurs, no jobs can be created and therefore the poverty cycle continues. In short, donations can actually do more harm than good.

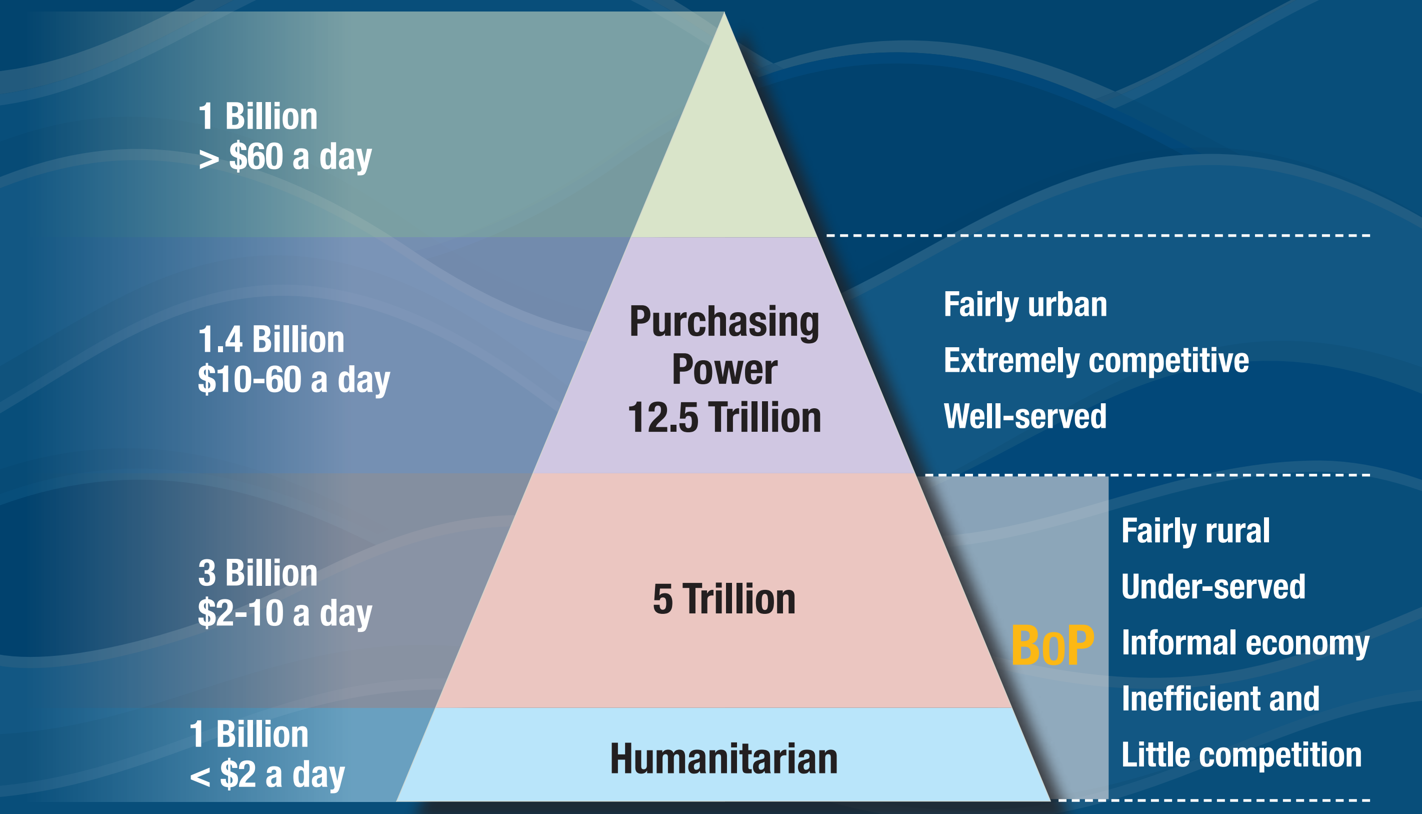
Enterprise is the answer

The solution lies in selling – not giving – to the poor. It lies in building enterprises that would do business with the BOP. It lies in giving jobs and business opportunities to the poor.

The best way to end poverty is help the poor build their capacity to help themselves. We can train them in vocational skills. Teach them to do business. Transfer technology to them. Lend them money to grow their businesses and make profits. We can also buy their produce from them.

As more businesses employ more people, they generate their own economy and soon their income become expenditure and they can afford a better quality of life like safe drinking water, housing, health, education, energy, cooking stoves, lighting, drip-irrigation, fast moving consumer goods, logistics, transportation, nutrition, infocomm, and even entertainment. When we unlock the spirit of enterprise and good work ethics of the people, we open pathways to prosperity.

With this approach, the poor of today can become the middle-class of tomorrow.



BOP Hub is the accelerator

Now, how can we fast forward such a scenario?

We need a global platform to accelerate the speed of such transformation. We need a "World Trade Centre for the Poor".

That is what BOP Hub is created for. To start, we are building a 65,000 sq ft BOP Design Center in Singapore to coordinate, integrate and facilitate all BOP businesses across sectors and across geographies. With 60 per cent of the world's poor residing in Asia, the BOP Hub can make immediate impact.

Our dream is to create an Open Exponential Market Ecosystem for Integrated Delivery that can deliver products and services to the poor faster, cheaper, better and easier.

Currently, it takes 20 NGOs working in silos to deliver 20 different products and services through 20 different distribution channels. We can replace such inefficiency by cutting duplications through using just one delivery channel thus saving the unnecessary cost of the rest.

Instead of startups, we focus on scaling up existing proven business models found all over the world. By blending donations with venture capital, technology and existing proven scalable business models, we can reduce risk, increase successes and transform billions of charity giving and foreign aid into investments for the BOP marketplace.

Among our initiatives is building an API to connect all proven solutions with established actors like corporations, local communities, local governments, local NGOs, and global tech pioneers, funders, investors, grant givers, foreign aid agencies, academia, individuals and multilateral agencies. A prototyping model is now agreed by the BOP Hub with Prime Farms in Myanmar Shan States and after this model is successful, we will open source it for the rest of the world to model.

Entrepreneurship can bring both wealth and social justice. What we need is the exponential mindset to address this prosperity challenge at exponential scale by thinking global, and not in silos.

Chair independence and gender diversity both take a step forward in STI 30 companies

By
MALINI VAIDYA
Managing Director, Spencer Stuart Singapore

The *2016 Singapore Board Index* is a comprehensive review of governance practices in the 30 constituent companies of the Straits Times Index (STI) by Spencer Stuart Singapore. The inaugural edition of the Singapore Board Index was produced in 2014. The Singapore reports are aligned with and provides comparisons with similar Board Index reports done in other countries.

Key takeaways from this second report are summarised below. Selected indicators of board composition, performance and remuneration for each of the 30 companies are set out in the table on the next page.

Key Findings

- **Smaller board size**
  Compared to average board sizes across the region, Singapore STI 30 has on average the smallest boards in the region. Board size has been shrinking in Singapore (from 10.8 in 2014 to 10.1 in 2016), a trend also observed in India and Japan. There is no single ideal board size; identifying the right number of directors for a board should result from a self-examination exercise that takes into account the scope and nature of the company's operations and the impact of the number of directors on the effectiveness of broad process.

- **Increase in independent chairmen**
  Globally, board leadership structure has been evolving significantly over the past decade or so, with more companies appointing an independent chairman. This trend is also confirmed in the STI 30, with 54 per cent of chairmen being independent against 43 per cent in 2014.

- **Increase of boards with at least one woman director**
  The most noticeable increase compared to the 2014 Board Index edition is the number of boards that took a step forward towards gender diversity. 73 per cent of STI 30 boards have now at least one woman on their board compared to 57 per cent in 2014, a progress in line with global trends.

- **Increase in external facilitators for evaluation**
  Thirty-three per cent of STI 30 companies utilised a third party to carry out their board evaluation — a six percentage point increase from 2014. 97 per cent of the STI 30 companies had some form of board evaluation, whether executed internally by their nomination committee or by an external facilitator.

Improving Board Effectiveness

- Institutional investors are calling for greater transparency about how candidly boards are addressing their own performance and the suitability of individual directors.

- When done effectively, board evaluation provides the board with an opportunity to identify and remove obstacles to better performance and to highlight what works well.

- High-performing boards make time to focus on what matters, striking the right balance between important oversight responsibilities and forward-looking conversations. ■

Board composition, committees and remuneration

Director Retainer Fees (S$ '000)[1]				Company	Board Composition				Bd Performance		
Board		Audit Committee			Bd Size	#IDs	#WDs	Avg Age[2]	Chair Type[3]	#Bd Mtgs	Bd Eval
Chair	Mbr	Chair	Mbr								
ND	ND	ND	ND	ASCENDAS REIT	10	6	2	58.1	ID	6	Internal
750	78	60	30	CAPITALAND	10	9	1	64.9	ID	5	External
ND	ND	ND	ND	CAPITAMALL TRUST	10	6	0	59.2	ID	7	Internal
ND	60	70	55	CDL	7	5	1	62.7	ED	8	Internal
108	54	36	25.2	COMFORTDELGRO	8	7	1	69.6	ID	5	Internal
1350	80	75	45	DBS GROUP HOLDINGS	9	7	2	61.1	ID	5	External
ND	120	60	45	GENTING SINGAPORE	5	3	0	66.6	ED	4	Internal
500	50	45	25	GLP	10	8	0	63.2	ID	9	Internal
ND	ND	ND	ND	GOLDEN AGRI RESOURCES	8	4	0	60	ED	5	Internal
ND	ND	ND	ND	HK LAND HOLDINGS	16	0	0	63.5	ED	4	None
ND	ND	ND	ND	HUTCHISON PORT	9	5	1	67.6	NI-NED	4	Internal
120	60	40	20	JARDINE CYCLE & CARRIAGE	14	7	1	58.7	NI-NED	4	Internal
0	45.5	ND	ND	YANGZIJIANG SHIPBUILDING	4	2	0	59.2	ED	4	Internal
ND	ND	ND	ND	CAPITACOMMERCIAL TRUST	8	4	1	57.7	ID	5	Internal
750	81	50	27	KEPPEL CORP	10	8	2	61	ID	11	External
40	45	30	20	SATS	10	9	1	64.5	ID	7	External
ND	ND	ND	ND	UOL GROUP	8	4	0	65.9	NI-NED	4	Internal
1800	45	70	40	OCBC	11	7	1	64	ID	11	External
750	75	50	30	SEMBCORP INDUSTRIES	10	7	1	63.1	ID	6	Internal
600	75	50	30	SEMBCORP MARINE	10	7	1	62.9	ID	12	Internal
60	65	30	20	SIA ENGINEERING	9	6	1	63.5	NI-NED	5	External
750	90	60	35	SINGAPORE AIRLINES	9	7	1	64.7	ID	4	External
750	55	40	30	SINGAPORE EXCHANGE	11	7	3	62.6	NI-NED	4	External
115	60	37.5	22.5	SINGAPORE PRESS HOLDINGS	10	9	3	58.9	ID	5	Internal
600	72	52	29	ST ENGINEERING	15	11	1	57.7	ID	5	Internal
960	110	60	35	SINGTEL	9	6	3	59.2	NI-NED	8	External
165	65	43	25	STARHUB	13	6	1	63.1	NI-NED	5	External
ND	ND	ND	ND	THAI BEVERAGE	20	8	2	70.8	ED	4	Internal
700	90	85	55	UNITED OVERSEAS BANK	9	6	1	65.4	ID	7	Internal
ND	80	30	10	WILMAR INTERNATIONAL	11	4	0	62.6	ED	4	Internal

Notes to Table

[1] Base or retainer fees for the chair and members of the Board and one committee (the Audit Committee) are provided. Other committees are not shown due to shortage of space, but are available in the full report. Fees for Board or AC members refer only to those pertaining to non-executive directors (i.e. IDs or NI-NEDs).

[2] Average age of the board members in years.

[3] There are three types of chair: independent (ID), non-independent and non-executive (NI-NED), and executive (ED). For all 30 companies, the chair and the CEO are separate persons.

Legend to Table

AC	Audit Committee	Mbr	Member
Bd	Board	Mtg	Meetings
ED	Executive Director	ND	Not disclosed
Eval	Evaluation	NI-NED	Non-independent Non-executive director
ID	Independent Director	WD	Women Director

SUPER LAUNCH OF THE CORPORATE GOVERNANCE GUIDES

SID mounted its final and biggest launch of the Corporate Governance Guides series by unveiling the eGuide platform, a new Resource Guide, and updated editions of all the other guidebooks in a box set - with the help of SID's latest super hero.

SID's Corporate Governance Guides project reached its final milestone with a striking launch on 23 March 2017. The event at the Marina Mandarin Singapore attracted over 370 participants.

In his welcome address, Willie Cheng, Chairman of SID, traced the genesis of the CG Guides series to discussions with MAS on the state of corporate governance practices and a request by the Diversity Action Committee to develop a nominating committee guide in late 2014. He said that the resulting project, which took over two years to complete, would not have been possible without the support of the regulators (ACRA, MAS and SGX), professional firms (Deloitte, EY, KPMG, Mercer and PwC), and over 120 individuals who stepped up to contribute to the national effort.

Ms Grace Fu, Minister for Culture, Community and Youth was the guest of honour at the event. Accompanied by representatives from the three regulators and Deloitte that helped developed the eGuide, she launched the eGuide platform and the eGuide to the Code of Corporate Governance.

Minister Fu then called on SID's new super hero, SuperSID, who made a dramatic entrance to assist with the launch of the Resource Guide and the box set of second editions of the five guidebooks.

In her GOH address, Minister Fu spoke of the challenges from Singapore's shrinking and ageing workforce. She covered the important demographic trends, including the female participation rate. She then went on to speak about the low proportion of women on boards (which was at 9.6 per cent). The PAP Women's Wing and BoardAgender had advocated a 20-20 target: at least 20 per cent of female directors on boards by 2020. She urged boards to cast their net wider beyond the usual network when searching for board candidates, and to make a conscious effort to develop the company's internal executive pipeline to increase the pool of women for board roles.

After the launch, Mr David Chew, Executive Director, Risk Advisory, Deloitte and Lead of the Working Committee for the eGuide, walked the audience through the features and navigational features of the eGuide.

A diverse panel then took to the stage. Moderated by Mr Chaly Mah, Chairman of the eGuide's review panel, it included chairmen and members of the respective review panels for the guidebooks: Mr Gautam Banerjee (Board Guide), Mr Tham Sai Choy (Board Risk Committee Guide), Mr Max Loh (Nominating Committee Guide), and Ms Wong Su-Yen, Chairman, Nera Telecommunications (Nominating Committee Guide).

A lively discussion ensued among the panel members and the event's attendees on the hot topics in corporate governance, and in particular on gender diversity, following the theme of Minister Fu's address.

The Super Launch

L-R: Tan Boon Gin, Kenneth Yap, Ng Yao Loong, Minister Grace Fu, Willie Cheng, Cheung Pui Yuen.

SuperSid presenting the books from the guidebooks set to Minister Grace Fu and others on stage.

LAUNCHED!

"I was at the first launch event for the Corporate Governance Guides series in 2015. This entire series of Guides represents SID's commitment to upholding high standards of corporate governance. So I am happy to be here again to lend my support for the final launch."

Minister Grace Fu

eGuide platform

eGuide to the Code of Corporate Governance

Resource Guide

Box Set of all Guidebooks:

- Board Guide*
- Audit Committee Guide*
- Board Risk Committee Guide*
- Nominating Committee Guide*
- Remuneration Committee Guide*
- Resource Guide

*Second edition

eGuide: Corporate governance at the finger tips

The presentation and demonstration of the eGuide by Mr David Chew, Lead of the Working Committee on the eGuide is summarised in the next two pages.

- **Objective of the eGuide:**
  To provide a better understanding of corporate governance matters, especially in the Code of Corporate Governance.

- **Design Principles**
  - Convenient – Readily available, anytime and anywhere.
  - Intuitive – Users can operate the eGuide without explicit instructions.
  - Comprehensive – Covers what directors need to know, at the click of a mouse or tip of the finger.

- **Architecture**
  - Based on drill-down approach.
  - Three main components:
    > eGuide to the CG Code.
    > eGuidebooks.
    > References.

- **eGuide to the CG Code:**
  Elaborates on each principle and guideline with:
  - Explanation of the rationale.
  - Extract of SGX Disclosure Guide.
  - Related rules and regulations.
  - CG Guide references.
  - Related articles.

- **eGuidebooks:**
  - Digital versions (flipbooks) of the six guidebooks.
  - Features include search, book marks and cross links.

- **References:**
  - Glossary, articles, and regulations.

Home Page

- eGuide to CG Code.
- eGuidebooks.
- Printed guidebooks.
- References.

eGuides

- Overview of CG.
- Drill down of CG Code.
- Glossary.
- Disclosure requirements.

eGuidebooks

- Flipbooks of actual hardcopy guidebooks.
- Hotlinks to cross references.

GOH Address and Panel Discussion: The Hot Issue of Gender Diversity

Gender diversity adds value, much more can be done

“A gender-diverse business leadership, including the board level will provide better guidance on more gender equal policies. In the boardroom, female directors can bring perspectives and value-add to the table, thus reducing “group think”... Across the SGX-listed companies, women hold 9.7 per cent of board seats, a small notch from 9.1 per cent in the previous year. But this pales in comparison to women’s representation in the workforce and in senior management ranks... That said, this is not about giving preferential treatment to a specific gender – merit still comes first. But we can, and must do more to strengthen the gender diversity in corporate leadership.”

Minister Grace Fu

Women directors do add value but they are hard to find

“I’m all for gender diversity. I find that women directors add substantial value to board conversations and one of the best CEOs I have worked with was female. Having said that, it is equally important to build a bigger pipeline of women who can fill board positions in the years to come. Many women decline to take on very senior management positions because of the important need to see to the children who by then would be in school. Companies need to make it easier for more women to take up very senior management positions and be able to balance it with the needs of the family.

Daniel Ee
Vice Chairman, SID

We should consider gender quotas at some time

“Eighteen years ago, when I was in the Commonwealth Parliamentary Meeting in Trinidad representing Singapore as a Nominated Member of Parliament, there was a motion if gender quota in political representation should be mandatory. Singapore’s position back then was “no” due to fears of backlash and tokenism. Eighteen years later, this discussion is shifted to the corporate world, and though there is a stronger guidance for boards on gender diversity, women’s representation is still very low. The general sentiment for mandatory quota on board diversity is still a “no”.

SID should run more classes for both women and men and guide the implementation of a diversity strategy in companies at the leadership and management level. While it will be prudent to adopt the mentoring strategy for now, we should be open to revisiting the issue of mandatory quotas five to 10 years on, if the outcome of women’s representation remains discouraging.”

Claire Chiang
Co-Founder, Banyan Tree Holdings

We should implement quotas now

"Many women want to take up board positions. Waiting 10 to 15 years to revisit the issue of mandatory quotas is way too long. We should do something concrete to address the issue. We need to make a quantum leap."

Poh Mui Hoon
CEO, SP Telecom

We do not need quotas

"Australia stipulates that listed companies should include gender diversity disclosure components in their annual reports. The result was that the proportion of women directors increased from 10-plus per cent in 2010 to approximately 23 per cent in 2016. So instead of mandatory quotas, we should consider requiring and disclosing gender diversity policies."

Chaly Mah

Quotas can work

"I recently came across a longitudinal study on political leadership in India where some villages were randomly selected to have one-third of political appointees be women. The noteworthy finding is that in these villages, women were more likely to run and win in the local elections after the quotas were withdrawn. While most women are not in favour of mandatory quotas - for the same reason as men - that study gave me pause to think of what could happen if proper measures were in place to ensure sufficient women on boards."

Wong Su-Yen

"It is a valid question to ask as to whether companies that do not adopt gender diversity are shortchanging themselves, especially those competing in global markets. Mandatory quotas have proven to be effective, particularly where there have been wider society expectations of equality of opportunities in business. Before we jump onto quotas as a solution, we need to ask ourselves what the expectations are in the Singapore society."

Tham Sai Choy

It's much more than just quotas

"Quota legislation can only be effective if it is driven by a deep-seated desire to achieve diversity and not through tokenism. Beyond the board, we should give opportunity for women to shine and prepare them for board positions. There is no single formula for board composition. Gender equality is not about achieving a 50-50 composition. This is not a compliance exercise but a continued effort to leverage diversity for performance improvement."

Max Loh

Panel: Other Hot Issues in Corporate Governance

L-R: Chaly Mah, Max Loh, Wong Su-Yen, Tham Sai Choy, Gautam Banerjee.

Conflict of interest is often the root cause of corporate governance failure

"Large listed companies, public sector organisations, charities and small trade associations all have one thing in common – they can be susceptible to conflict of interest situations resulting in a compromise of good governance.

The reason for this is that conflict of interest and the damage it causes is not well understood. Indeed there is a misplaced notion that conflict of interest causes no loss to the organisation. Also, those who are at fault are often in a state of complete denial.

There is an urgent need to raise awareness of conflict of interest situations which benefit some individuals at the expense of the larger organisation.

A strong values-based corporate culture, reinforced by the correct tone from the top should go a long way in preventing conflict of interest situations in an organisation."

Gautam Banerjee

Board Diversity

"Board diversity is not a new issue. It is not only a gender issue but an economic issue that requires the collective effort of a whole ecosystem of stakeholders. We have to adopt a broad definition of diversity that extends beyond gender to 'inter alia' skills, ethnicity, culture, generational, background and tenure."

Max Loh

Independent directors are directors

"We tend to discuss who is an independent director and who is not, as if they have different roles. Four words in today's *BT* headline were: innovation, start-up, growth and job creation. These fit into every business plan for companies, and every CEO will look to its directors, including the independent directors, to help achieve them."

Tham Sai Choy

Making "Comply or explain" work

"A 'comply or explain' regime is one corporate governance approach. The issue is not the principles and guidelines but with the boilerplate explanations. We should ensure that companies comply with the substance of the principles."

Gautam Banerjee

"Singapore has an effective corporate governance ecosystem, with a good balance between regulations and market governance. Certain issues like shareholder rights are protected by legislation while for matters like board structures and practices, there is sufficient flexibility for market participants to determine what works best for them. For example, while the separation of chairman and CEO is a good market practice to avoid over concentration of power in a single person, this should not be mandated as in some cases, an early separation of the roles may prove disadvantageous to a company and its shareholders. However, for a 'comply or explain' regime to work, the quality of explanation for any non-compliance with recommended good practices is important."

John Lim
Immediate Past Chairman, SID

Why are there corporate governance failures?

"Why are there fundamental corporate governance failures? Why did the auditors fail to smell out failures such as Swiber? Should auditors extend their roles beyond just pronouncing if financial statements are true and fair, to detecting frauds? Would the regulators switch from a 'comply or explain' regime to mandatory requirements?"

Henry Wang
Executive Director
Everbright Business Consultancy

"The hard truth is that companies do fail from time to time. The objective of being in business is to make a profit by taking risks. If they do not take risks, there is no profit. If we fine-tune everything to prevent risks, we will not have innovation, start-ups, growth or job creation."

Tham Sai Choy

"One should not make judgements based purely on hindsight. The key is whether due principles and processes have been applied. If everyone had done what they were supposed to do, then it is inappropriate to blame any parties for business failures. In Singapore, there is never any doubt as to responsibility and accountability."

Max Loh

There are two sides to the chairmen/CEO conundrum

"The prevailing wisdom is that there is a stronger balance of power when the roles of chairman and CEO are spilt. The contrarian view is that a split potentially results in disruption especially in situations requiring quick decisions. A Harvard study showed that there are no statistical differences between companies having joint and separate roles for chairmen and CEOs. While family firms sometimes cite the need for clear lines of authority as a basis for having unified CEOs and chairmen, research by Credit Suisse found that among the top 10 family firms, only two (Nike and Facebook) have combined chairmen and CEOs. Having said that, whether separate or a single person as chairman and CEO is often a function of a company's life cycle. In all situations, having strong independent directors who have their own views and are able to stand up to the executive directors is important to ensure a balance of power."

Wong Su-Yen

Pit-stop for ACs

Decoding FRSP and AQIs

The SID Audit Committee Chapter's second Pit-Stop was presented by ACRA on 12 April 2017. The session, which attracted close to 60 participants, focused on two key regulatory programmes: Financial Reporting Surveillance Programme (FRSP) and Audit Quality Indicators (AQIs) Disclosure Framework.

Ms Lim Sio Hoon, Compliance Specialist, Financial Reporting Surveillance Department of ACRA, kicked off the FRSP session by taking the participants through five real life case studies developed from real life situations.

Participants learnt how to spot red flags and potential irregularities in the financial statements. Ms Lim also covered some of the best practices to address the root causes of problems as well as FRSP's areas of review focus for FY2016 financial statements. She highlighted the importance of engaging key stakeholders such as the finance team and independent directors in ensuring a true and fair financial report.

The second half of the session on AQIs was presented by Mr Lee Tze Shiong, Senior Director, Public Accounting Division of ACRA. He provided an overview of the eight AQIs that constituted ACRA's AQI Disclosure Framework, and the six targets for AQIs that are available for discussions with external auditors.

Notwithstanding that the use of AQIs is not mandatory, its value was illustrated through several case studies. ACRA has also established an overall positive correlation between the inspection findings raised and number of AQI targets not met.

Mr Lee then showed participants how they could interpret the AQIs to ask pertinent questions prior to engaging audit firms.

A lively discussion ensued where participants shared their views on how to improve the present AQI Disclosure Framework. ■

The SID AC Chapter aims to enhance the quality of ACs through education, publication and advocacy. Membership of the SID AC Chapter is free and available only to SID members.

Second group of nonprofit directors completes NPD course

The seven-module NonProfit Directors' Programme conducted its sixth module on "Fundraising and Outreach" on 9 March 2017 and last module on "Social Trends" on 13 April 2017.

The Fundraising and Outreach module was led by Usha Menon, Chairman of UMC Consultancy (Asia). She provided insights into how efficient and effective mobilisation of resources can help organisations meet their mission, using several case studies.

A panel comprising Mr K.C. Chew, Chairman of the Substation; Ms Corinna Lim, Executive Director of Association of Women for Action and Research (AWARE); Mr Ho Cheng Huat, Chairperson of Children's Cancer Foundation (CCF); and Ms Neo Lay Tin, Executive Director of CCF shared their experiences and tips on the subject.

The final session on Social Trends was led by Ms Patsian Low, a consultant and capacity-builder for the social economy. She shared on the key driving forces and trends in social enterprises, social media and social innovation in the nonprofit sector. She explained why and how participants should leverage and respond to these changing social trends to further their causes.

Ms Jenny Teng, chairman of the Crossings Café, the community partner for the last session, shared the history of the café. She explained how it has provided employment and personal development for the disadvantaged.

The session ended with a lively panel discussion with participants on social trends. The panel included Mr Alfie Othman, Executive Director of raiSE, Mr Jonathan Chang, Executive Director of Lien Centre for Social Innovation, and Ms Usha Menon.

The evening ended on a high with the 47 participants celebrating their completion of the programme at Crossings Cafe. ■

The next run of the NPD programme will start on 12 October 2017.The seven modules are conducted monthly thereafter on the second Thursday of the month.

AC Chairmen: Embracing disruption

On 13 April 2017, Deloitte hosted 16 Audit Committee Chairmen at the Tower Club to discuss the topic "Courage under fire: Embracing disruption".

Mr Dan Konigsburg, Global Leader for the Deloitte Global Centre for Corporate Governance, set the stage by posing the question: "Does your organisation have the 'chutzpah' to handle disruptions?"

Mr Konigsburg described nine patterns of disruption and the forces driving them. These patterns include shortened value chain, convergence of products, aligning price with use, unbundling of products and services, and expanding marketplace reach via new platforms.

Participants shared their experiences, and questioned and discussed how boards can respond to the disruption around them. Mr Konigsburg revealed several tips on how some global boards are thinking outside the box to drive ideas and innovation within their organisations.

In closing, Mr Soh Gim Teik, SID Council member said that change is a constant and the challenge for boards is how to ensure a corporate culture that will constantly recognise trends and stay ahead of the curve. ■

Merging ERM and Strategy

On 23 March 2017, 26 directors and senior executives attended a talk on "The Role of the Board in Risk Oversight – Merging Enterprise Risk Management (ERM) with Strategy" by Dr. Paul L. Walker, Executive Director of the Center for Excellence in ERM at St. John's University. The talk was jointly organised with COSO Academy Asia.

The highly interactive and thought-provoking session included discussions on the ERM expectations of company stakeholders, how boards can gain better assurance by challenging strategy with ERM, as well as the important link between ERM and every organisation's need to innovate for future growth. Dr. Walker shared board risk oversight best practices and the proposed updates to the COSO ERM Integrated Framework. The

revised framework introduces the concept of an organisation's mission, vision and core values as the building blocks for strategy and business objectives to achieve enhanced performance. ■

Business Future Series 1

Leveraging Disruptive Technologies

On 25 May 2017, more than 20 directors and C-Suites attended the second installation of the Business Future Series (BFS) module on "Disruptive Technologies for Directors", held at Accenture's Liquid Studio.

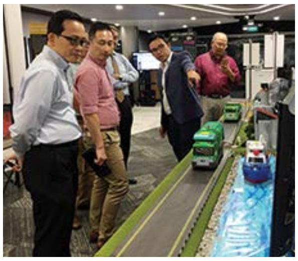
Mr Adam Burden (Accenture Global Lead for Advanced Technology and Architecture) kicked off the session with Accenture's Technology Vision 2017 which included AI (artificial intelligence) as the new UI (user interface), the workforce marketplace, and ecosystem power-plays.

Mr Daniel Gunawan (Accenture ASEAN Lead for Advanced Technology and Architecture) then deep-dived into cloud computing, internet of things, robotics, artificial intelligence and block chain technology, explaining how each is trending and shaping businesses.

Mr Gunawan and Mr Sam Liew (Managing Director of Accenture Technology, ASEAN) then led the participants on a tour of live demonstrations of sensors, drones, block chain, augmented reality and other applications.

The session concluded with a panel discussion on digital directorship with Mr Sam Liew, Mr Willie Cheng (SID Chairman) and Ms Poh Mui Hoon (CEO, SP Telecom). ■






Governance for Family Businesses

The governance of a family business can be more complicated than one which is not family run. On 29 March 2017, 15 participants attended a one-day course on "Governance for Family Businesses" where they were taken through various aspects of governance and succession planning for family businesses.

Mr Bernard Lui of Morgan Lewis Stamford took the participants through the key duties and responsibilities of directors, zeroing on the issues family boards usually face. He also covered the fundraising options available for their businesses. Mr Sovann Giang of RSM Risk Advisory discussed legacy planning and Mr Dennis Lee of RSM Risk Advisory highlighted corporate governance and risk management issues inherent in family firms.

Mr George Tan, CEO of Asiatic Group Ltd was also present at the session to share his company's journey as a family-run company, and offered practical tips to the participants. ■

Networking on Singapore Stewardship Principles

The networking series on the Singapore Stewardship Principles (SSP) kicked off on 12 April 2017 at the MAS penthouse with more than 150 participants.

In his welcome remarks, Mr Ong Chong Tee, Deputy Managing Director (Financial Supervision) of MAS thanked the 10 organisations, including SID, that formed the SSP Steering Committee. He observed that a collaborative partnership between the regulators, global standard bodies and industry partners is critical in ensuring good corporate governance, and cited the recently completed Corporate Governance Guides for Boards project as an example.

Mr Ong Boon Hwee, CEO of Stewardship Asia Centre, reiterated the importance of a partnership approach in fostering good stewardship in Singapore, and shared on the stewardship principles.

A panel discussion comprising Mr Uantchern Loh, Vice President, Securities Investors Association (Singapore), Dr David Smith, Head of Corporate Governance, Aberdeen Asset Management Asia Ltd, Ms Esther An, Chief Sustainability Officer, City Developments Limited, and Mr Tow Heng Tan, CEO, Pavilion Capital International Pte Ltd provided insight into the challenges faced when promoting issues such as sustainability. Members agreed that educating investors to look beyond short term gains was important. ■

Members' Networking Evening: Dining in the Dark

A networking event conducted in the dark is certainly a novel idea. On 25 May 2017, about 20 participants gathered at Ngee Ann Polytechnic's Dialogue in the Dark, for an experiential journey of total darkness.

As the participants mingled and networked in the foyer, the conversation soon turned so rich that a warm vibe was kindled before they were being led in to the dining area. Within minutes upon entering the pitch-dark premise, everyone's senses were heightened and interestingly, there was no awkward silence, even when they were in the dark.

Throughout dinner, the visually impaired hosts ensured the participants were well looked after. Introductions were made around the table amidst interesting conversations and cheerful banters.

Having been immersed into the world of the visually impaired, the participants emerged from the dark, each with much food for thought. It was indeed an enlightening and enlivening experience. ■

The sumptuous Italian food could not be seen but tasted great at the Dining in the Dark event.

CG Guides Appreciation Dinner: The Culmination of a 2000-page Journey

SID held an appreciation dinner on 21 April 2017 at Orchard Parade Hotel for the organisations and individuals who have been part of the two-and-a-half-year journey to produce the Corporate Governance Guides for Boards in Singapore series.

SID Chairman Willie Cheng recounted the genesis of the project that delivered six guidebooks with more than 2,000 pages between them and an eGuide microsite as he thanked the regulators (ACRA, MAS and SGX); professional firms (Deloitte, EY, KPMG, Mercer and PwC); and members of the steering committee, review panels, working committees and programme management team for their contributions. All in, more than 120 individuals were involved in the project.

SID staff brightened the evening with their SuperSID T-shirts, while SuperSID himself posed

with guests in front of a giant CG Guides box set.

All guests went home with – you guess it – a personalised limited edition box set of the six corporate governance guidebooks. ■

Director Appointments

SID members appointed as directors of listed companies during the period 1 March to 31 May 2017.

COMPANY	PERSON
Adventus Holdings Limited	Francis Wong Loke Tan
Allied Technologies Limited	Chuang Shaw Peng
Allied Technologies Limited	Shih Chih-Lung
Asiatravel.com Holdings Ltd.	Samuel Guok Chin Huat
Asiatravel.com Holdings Ltd.	Liu Zuming
Asiatravel.com Holdings Ltd.	Wang Yongli
AnnAik Limited	Daniel Lin Wei
BH Global Corporation Limited	David Chia Tian Bin
BH Global Corporation Limited	Henry Tan Song Kok
Capital World Limited	Dominic Tan Eng Kiat
China Medical (International) Group Limited	Chew Soo Lin
China Medical (International) Group Limited	Sunny Wong Fook Choy
City Developments Limited	Tang See Chim
Cityneon Holdings Limited	Ragesh Rajendran
ComfortDelGro Corporation Limited	Kyle Lee Khai Fatt
ComfortDelGro Corporation Limited	Kua Hong Pak
CSE Global Limited	Dr Lim Boh Soon
Delong Holdings Limited	Hee Theng Fong
DISA Limited	Lim Soon Hock
Dragon Group International Limited	Lai Hock Meng
Dynamic Colours Limited	Sebastian Chong Yee Siew
8Telecom International Holdings Co Ltd.	Richard Tan Kheng Swee
Emerging Towns & Cities Singapore Ltd.	Yu Jinzhi
Emerging Towns & Cities Singapore Ltd.	Zhu Xiaolin
Far East Orchard Limited	Ramlee Bin Buang
Food Empire Holdings Limited	Ong Kian Min
Frencken Group Limited	Melvin Chan Wai Leong
Genting Singapore PLC	Jonathan Asherson
Golden Agri-Resources Ltd.	Foo Meng Kee
GS Holdings Limited	Lee Sai Sing
Healthway Medical Corporation Limited	Anand Kumar
Heatec Jietong Holdings Ltd.	Seah Kian Peng
Hiap Hoe Limited	Marc Teo Keng Joo
Hiap Hoe Limited	Tracy Wun May Ling
Ho Bee Land Limited	Ch'ng Jit Koon
Hong Leong Asia Ltd.	Goh Kian Hwee
Hong Leong Asia Ltd.	Kwek Leng Beng
InnoPac Holdings Limited	Bernard Ong Kheng Chye
IPC Corporation Ltd.	Lee Joo Hai

COMPANY	PERSON
IPC Corporation Ltd.	Steven Seah Seow Kang
ISR Capital Limited	Lin Chen Hsin
JES International Holdings Limited	Pang Jet Seng
Katrina Group Ltd.	Ang Miah Khiang
KS Energy Limited	Lim Ho Seng
KS Energy Limited	Wong Meng Yeng
Libra Group Limited	Yuen Sou Wai
LifeBrandz Ltd.	Wong Joo Wan
MMP Resources Limited	Gerard Chong Chee Meng
MS Holdings Limited	Clarence Tan Jia Hui
MS Holdings Limited	Crane Charoenratchadej
NauticAWT Limited	Tay Kee Liat
NauticAWT Limited	Teo Lek Hong
New Silkroutes Group Limited	Kelvyn Oo Cheong Kwan
Pacific Radiance Ltd.	Choo Boon Tiong
RH PetroGas Limited	Tiong Ik King
S I2I Limited	Jai Swarup Pathak
Sapphire Corporation Limited	Julien Duan Yang
Serial System Ltd.	Ng Cher Yan
Seroja Investments Limited	Low Chee Chiew
SembCorp Industries Ltd.	Bobby Chin Yoke Choong
SembCorp Industries Ltd.	Neil McGregor
SembCorp Marine Limited	Tang Kin Fei
Shanghai Turbo Enterprises Ltd.	Kelvin Tan Wee Peng
SIA Engineering Company Limited	Tang Kin Fei
Singapore eDevelopment Limited	Basil Chan
Singapore eDevelopment Limited	Chan Yu Meng
Sinwa Limited	Chew Kok Liang
Sunningdale Tech Ltd.	Eileen Tay-Tan Bee Kiew
Transcorp Holdings Limited	Lim Yit Keong
Travelite Holdings Ltd.	Yeo Toon Wee
United Overseas Bank Limited	Wong Meng Meng
UPP Holdings Ltd.	Garson David Lee
UPP Holdings Ltd.	Ian Tong
Ying Li International Real Estate Limited	Christopher Chong Meng Tak
Ying Li International Real Estate Limited	Lim Yeow Hua @ Lim You Qin (Kenny Lim)
YuuZoo Corporation Limited	Christopher Cheong Boon Leong
Ziwo Holdings Ltd.	Tay Wee Kwang

MAY DAY AWARD 2017

Congratulations to the following SID fellows and members on their May Day Award.

John Lim (Distinguished Service) Bobby Chin (Meritorious Service) Ooi Boon Hoe (Medal of Commendation)

SID Annual Golf Tournament 2017

On Friday, 31 March 2017, SID hosted its 17th Annual Golf Tournament at the Sentosa Golf Club.

At 1.30 pm, the siren marked the shotgun tee-off for more than 120 golfers at the Serapong Course, while four flights of golfers enjoyed their game at the newly refurbished Tanjong Course. The game was interrupted and suspended for nearly an hour due to lightning but the spirit of the golfers was not dampened. Most managed to finish all 18 holes in good time.

After the game, the golfers and guests networked over pre-dinner cocktails before settling down to a six-course Chinese dinner. The evening was fun-filled with entertainment, prize giving and an exciting lucky draw. Despite the challenging economic environment, sponsorship to the golf event was fully subscribed. Gracing the occasion was guest-of-honour, Mr Lim Swee Say, Minister for Manpower who presented the individual winners with their trophies. ■

Individual Winners

- **Overall Winner (SID Challenge Trophy)**
  Bruce Dahlgren (below, left)
- **1st Runner-Up**
  Max Loh (below, right)
- **2nd Runner-Up**
  Koh Soo Keong

Team Winners

- **Best Team (Sembcorp Challenge Shield)**
  - Alan Chang
  - Henry Ng
  - Pradeep K Thiagarajan
  - Don Quah

Golf and life lessons

By **IRVING LOW**
Council member, SID

AFTER HOURS

I love golf. I play as often as I can and also take any opportunity to do a round when overseas. I like to think that I have the potential to be a great player, but regrettably I need to keep my day job to pay the bills. Meanwhile, I have found many similarities between golf and life.

I did not pick up a golf club until I was 30. One day, my boss at the time gave me an ultimatum – learn how to play by the end of the year or no bonus! That did get me to cross the first hurdle, and I signed up for the beginners' course at Orchid Country Club.

Initially I found it challenging and frustrating. Today, as a member of Singapore Island Country Club, I relish every minute of my time on the course.

The sheer exhilaration when I hit the perfect shot and the belief that I can do that again keeps me going. The shared experience of the time on the course with friends, the fellowship of the golfing fraternity and simply being surrounded by nature helps me to relax and enhances my enjoyment of the game.

Through this, I have also learnt some lessons about golf that holds true in life.

There is a tradeoff between risk and return

Life and golf are games of calculated risk based on circumstances, opportunities and self-knowledge. I like to think that my chosen profession as a risk consultant is aligned to my passion for golf. Risk is like golf – you can never conquer it – you can only learn to read the conditions and manage your game to achieve the best outcomes.

However, I know I take more risks in golf than I would in life or business – where the downside of that risk is greater. Like the risk I took at Loch Palm in Phuket that saw me losing eight balls on one hole as I was determined to go over the lake – rather than around it. I learnt a good lesson that day about risk appetite and persistence.

Technology is not the solution

You can have the best clubs that money can buy and an app that gives precise, GPS-calculated distances and real time analysis of your swing. But if you don't invest time in your game to develop a solid drive and consistent putting performance on the green, all that technology is wasted. Similarly, we cannot rely on technology to build and sustain relationships in life. Technology is but a means to communicate quickly and more efficiently, never an end.

It's not what happens to you…

There's an old adage that it's not what happens to you that is important – but how you deal with it, and this is definitely something I am re-learning from golf. Being stuck in a bunker which you cannot get out of, losing multiple balls into a water trap or missing the unmissable putt can ruffle even the calmest of persons, and dare I say that you can judge the character of a person by the way they behave on the golf course.

Golf teaches you to slow down, to take your triumphs and disasters with equanimity, and refocus on the bigger picture. Making a mistake and then being able to master your frustration and disappointment to bounce back on the next shot is a skill that is useful in all facets of life.

Like reflecting on every shot after a day on the golf course, we need to take the time to reflect on how we have performed – as a director, a team mate, and a parent – and to critically assess how we can do it better the next time. Time I have spent honing my game has given me not only the space but also allowed me to live a more fulfilled life – and lower my handicap!

Listed Company Directors (LCD) Modules • 8-24 March 2017

NonProfit Directors Programme • 13 April 2017

Directors Compliance Programme • 19 April-2 May 2017

Directors Financial Reporting Essentials • 26 April 2017

SMU-SID Directorship Programme • 26-28 April 2017

ASEAN Scorecard Briefing • 4 May 2017

SID's Q2 Events (April 2017 – June 2017)

DATE	TYPE	EVENT DETAILS
3-5 Apr 2017	PD	SDP Module 1- The Role of Directors
12 Apr 2017	PD	AC Chapter Pit-stop: Financial Reporting Surveillance Programme and Audit Quality Indicators
12 Apr 2017	Event	Singapore Stewardship Principles Networking Session
13 Apr 2017	PD	NPD Module 7: Social Trends
13 Apr 2017	CMC	Audit Committee Chairmen's Conversation
19 Apr 2017	PD	Directors Compliance Programme
21 Apr 2017	Event	CG Guides Appreciation Dinner
25 Apr 2017	PD	Directors Compliance Programme
26 Apr 2017	PD	Directors Financial Reporting Essentials
26-28 Apr 2017	PD	SDP Module 3: Finance for Directors
2 May 2017	PD	Directors Compliance Programme
4 May 2017	Event	ASEAN Corporate Governance Scorecard
17 May 2017	PD	LCD Module 1: Listed Company Director Essentials
17-18 May 2017	PD	LCD Module Mandarin: LCD Essentials Programme in China
17-19 May 2017	PD	Governance, Risk Management and Compliance (GRC) Professional Training Course
24 May 2017	PD	Creating High Performance Boards
24-26 May 2017	PD	SDP Module 2: Assessing Strategic Performance
25 May 2017	PD	BFS Module 1: Disruptive Technologies for Directors
25 May 2017	Event	Members' Networking: Dining in the Dark
13 Jun 2017	PD	So, You Want To Be A NonProfit Director
18-21 Jun 2017	PD	IDP Module 1: Board Effectiveness and Dynamics
22 Jun 2017	PD	MCD Module 2: Value Creation for Owners and Directors in Family Firms
27 Jun 2017	PD	Business Value of Sustainability
29 Jun 2017	PD	Directors Financial Reporting Essentials

Upcoming events

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
SDP Module 1- The Role of Directors	3-5 Jul 2017	0900 – 1700	SMU Campus
LCD Module 1: Listed Company Director Essentials	11 Jul 2017	0900 – 1700	Marina Mandarin Singapore
LCD Module 2: Audit Committee Essentials	12 Jul 2017	0900 – 1300	Marina Mandarin Singapore
LCD Module 3: Risk Management Essentials	12 Jul 2017	1300 – 1700	Marina Mandarin Singapore
LCD Module 4: Nominating Committee Essentials	13 Jul 2017	0900 – 1300	Marina Mandarin Singapore
LCD Module 5: Remuneration Committee Essentials	13 Jul 2017	1300 – 1700	Marina Mandarin Singapore
LCD Module 6: Investor and Media Relations Essentials	14 Jul 2017	0900 – 1300	Marina Mandarin Singapore
Governance, Risk Management and Compliance (GRC) Professional Training Course	19-21 Jul 2017	0900 – 1700	Marina Mandarin Singapore
MCD Module 1: The Director as an Innovation Driver	25 Jul 2017	0900 – 1730	Marina Mandarin Singapore
So, You Want to be a Director	3 Aug 2017	1030 – 1300	Capital Tower
MCD Module 3: Strategy at the Board Level	15 Aug 2017	0900 – 1700	Marina Mandarin Singapore
SDP Module 4: Risk and Crisis Management	17-18 Aug 2017	0900 – 1700	SMU Campus
Directors Financial Reporting Essentials	30 Aug 2017	0900 – 1700	Capital Tower
So, You Want to be a Social Enterprise Director	31 Aug 2017	0900 – 1300	Capital Tower
SDP Module 6: Effective Succession Planning and Compensation Decisions	13-14 Sep 2017	0900 – 1700	SMU Campus
Governance, Risk Management and Compliance (GRC) Professional Training Course	20-22 Sep 2017	0900 – 1700	Marina Mandarin Singapore
BFS Module 2: Cyber Security for Directors	21 Sep 2017	0900 – 1300	PwC Singapore
IDP Module 2: Board Efficiency and The Role of Committees	25-27 Sep 2017	0900 – 1700	Fontainbleau France
Governance for Family Businesses	26 Sep 2017	0900 – 1700	Marina Mandarin Singapore
Board and Director Fundamentals	4 Oct 2017	0900 – 1700	Marina Mandarin Singapore
Directors Financial Reporting Essentials	5 Oct 2017	0900 – 1700	Capital Tower
LCD Module 1: Listed Company Director Essentials	11 Oct 2017	0900 – 1700	Marina Mandarin Singapore
NPD Module 1: The NonProfit Environment	12 Oct 2017	1700 – 2030	Society for the Physically Disabled
LCD Module 2: Audit Committee Essentials	13 Oct 2017	0900 – 1300	Marina Mandarin Singapore
LCD Module 3: Risk Management Essentials	13 Oct 2017	1300 – 1700	Marina Mandarin Singapore
LCD Module 4: Nominating Committee Essentials	25 Oct 2017	0900 – 1300	Marina Mandarin Singapore
LCD Module 5: Remuneration Committee Essentials	25 Oct 2017	1300 – 1700	Marina Mandarin Singapore
MCD Module 4: Overcoming Cognitive Biases in Boardroom Decisions	26 Oct 2017	0900 – 1300	Social Service Institute
LCD Module 6: Investor and Media Relations Essentials	27 Oct 2017	0900 – 1300	Marina Mandarin Singapore

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
SDP Module 2: Assessing Strategic Performance	1-3 Nov 2017	0900 – 1700	SMU Campus
NPD Module 2: Board and Management Relationship	9 Nov 2017	1700 – 2030	Society for the Physically Disabled
LCD Module Mandarin: LCD Essentials Programme	9-10 Nov 2017	0900 – 1700	Marina Mandarin Singapore
SDP Module 3: Finance for Directors	22-24 Nov 2017	0900 – 1700	SMU Campus
Governance, Risk Management and Compliance (GRC) Professional Training Course	22-24 Nov 2017	0900 – 1700	Marina Mandarin Singapore
Directors Financial Reporting Essentials	6 Dec 2017	0900 – 1700	Capital Tower
IDP Module 3: Development of Boards and Directors	12-14 Dec 2017	0900 – 1700	INSEAD Campus
NPD Module 3: Board Dynamics and Evaluation	14 Dec 2017	1700 – 2030	SATA

Other Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
Executive and Directors' Remuneration	26 Jul 2017	0900 – 1100	Marina Mandarin Singapore
AC Chapter Pit Stop: Practical Implications of FRS 115 Revenue from Contracts with Customers	27 Jul 2017	0900 – 1100	KPMG
Private Equity versus Public Markets	28 Jul 2017	1630 – 1800	Marina Mandarin Singapore
Board Chairmen's Conversation	4 Aug 2017	1200 – 1400	Fullerton Hotel
Board Risk Chairmen's Conversation	17 Aug 2017	1200 – 1400	The Ritz-Carlton Hotel
Global Board Culture: Understanding the Behaviours that Drive Board Effectiveness	22 Aug 2017	0900 – 1100	Marina Mandarin Singapore
AC Chapter Pit Stop: Practical Implications of FRS 109 Accounting for Financial Instruments	7 Sep 2017	0900 – 1100	PwC Singapore
Remuneration Committee Chairmen's Conversation	12 Oct 2017	1200 – 1400	Fullerton Hotel
Nominating Committee Chairmen's Conversation	8 Nov 2017	1200 – 1400	Fullerton Hotel

Major Events

EVENT	DATE	TIME	VENUE
Singapore Corporate Awards	18 Jul 2017	1800 – 2200	Resorts World Sentosa
Singapore Governance and Transparency Index 2017 Launch (SGTI)	1 Aug 2017	0900 – 1100	Marina Mandarin Singapore
SID Directors' Conference	12 Sep 2017	0900 – 1700	Suntec Singapore Convention and Exhibition Centre
2nd Global Governance and Leadership Forum	13 Sep 2017	0900 – 1230	Marina Mandarin Singapore
Singapore Board of Directors Survey	3 Nov 2017	0900 – 1100	Marina Mandarin Singapore
Annual Corporate Governance Roundup	15 Nov 2017	0900 – 1300	Orchard Parade Hotel

Course dates are subject to change. Please refer to www.sid.org.sg for the latest updates.

Welcome to the family

February 2017

Steven Angelov
Jessica Cheam
Rodney Cheong Chin Hong
Jackson Chia
Chiam Tao Koon
Choo Boon Poh
Devarshi Das
Sanjeev Gathani
Goh Puay Cheh
Shane Hagan
Douglas Harding
Mikolaj Huras
Ayesha Aziz Khan
Muhammed Aziz Khan
Preetie Kohli
Jeffrey Kwek
Lam Vee Leong
Lim Wee Keong
Alice Lin
Luar Eng Hwa
Amit Nanavati
Joseph Nash
Martin Oregan
Graham Richard Poston
Corina Quah Hui Lay
Adeline Sim Wei Ling
Lily Siu Yee Lee
Damien Tan Su-Ann
Tan Sze Yen
Tan Kai Hoe
Marc Teo Keng Joo
John Benedict Victorino
Yap Sor Hwa
Yong Kee Tong

March 2017

Rajesh Abraham
Molly Ang Siew Teng
Simon Christopher Chadwick
Caroline Chang
Chang Chi Hsung
Chang Soek Khim
Chay Yue Kai
Cheong Mun Hong
Chiam Heng Huat
Chian Toon Eng
Benjamin Chiang
Chun Heng Yuen
Isabelle Claus Teixeira
Damien Damianos
Dhanraj Dobee
Leon Anthony Robert Farrant
Wilson Foo
Vincent Goh Chee Keat
Meelan Gurung
Samuel Hill
Tengku Yusof Paul Kamarudin
Annie Koh
Colin Koh Kok Lin
Shufianto Lau
Francis Lee Choon Hui
Lee Mong Heng
Lim Keng Jin
Loo Kiang Hong
Enrique Marchese
Dean Nikora
Alvin Ong
Kay Pang
Venkateshwara Panjalingam Pillay
Tom Alexander Sonnen
Kiran Sreedharan
Sune Svenningsen
Chloe Tan Ching Chee
Tan Jun Mi
Tan Kian Chew
Tan Peng Peng
Alexander Van de Putte
Amelia Vincent
Nicholas Gary Winsor
Ann-Marie Wun Pui Yee
Yang Ban Seng
Leon Yeo Chee Perng
Yeo Wee Kiong
Zhang Ning

April 2017

Suraj Aggarwal
Wolfgang Beckmann
Sanjeesh Bera
Chan Leng Wai
Chang Tou Chen
Chen Tong
Adrian Chui
Rodrigo Goncalves Coura
Eelco Fiole
Arthur Jen Fong
Foo Maw-Der
Roland Goh
Ciaran William Handy
Ho Yat Hoe
Hong Pay Leng
Sreeeram Iyer
Bartlett Trent Josiah
Lee Heng Hau
David Lee Kay Tuan
Madeleine Lee
Lionel Leo Zhen Wei
Bernard Leong Chung Wei
Lim Chwee Foon
Lin Chen Hsin
Lin Kejian
Jonathan Clive Manifold
Andrew Irvine Hunter Marr
Stephen Geoffrey Miller
Kimberly D. Nelson
Neo Mok Choon
Ng Jiak See
Ngu Kuang Hua
Jennifer Ong Kim Yan
Gary Ong Ghim Yeow
Alan Ong
Pan Peiwen
Matthew Peloso
Edgar Ramani
Aarti Harnam Sabhaney
Seah Gek Choo
Francis Seah Siow Kiat
Gary Sean Sheils
Erle William Spratt
Lawrence Tan Hee Meng
Angeline Tan Siang Keng
Tan Teck Huat
Deborah Tay Khee Khee
Tay Peng Huat
Tsng Joo Peng
Pierre Jacques Robert Vanderkelen
Mrinalini Venkatachalam
Jeffrey Wee Tian Chwee
Kevin Wong
Stephanie Wong
Yeong Wai Teck

May 2017

Feon Ang Yeong Hwa
Nayantara Bali
David Brown
Cen Zewei
Chan Huan Yong
Vivek Chhabra
Chin Seek Hai
Patrick Chng Loy Teoh
Mieke De Schepper
Melvin Heng
Simon Ho Chee Hwee
Alois Hofbauer
Gina Koh
Norton Lau
Eddy Lee
Lee Meng Tat
Raen Lim Siang Lee
Lelia Lim-Loges
Shahrukh D. Marfatia
Timothy Morse
Tatsuhiro Ogawa
Ong Joo Mien
Shaun Singh
Brian Tan
Tan Chin Sing
Maurice Tan Huck Liang
Angela Tan Pheck Hwa
Hideyuki Tanaka
Frans Wiwanto
Wong Leon Keat
Calvin Yeo
Yeo Toon Wee
Yu Jinzhi
Zhu Xiaolin

SID Directors' Conference 2017

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For more information on exhibition packages, please contact SID Secretariat at 6422 1188 or conference@sid.org.sg.

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