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SID DIRECTORS BULLETIN

SINGAPORE INSTITUTE OF DIRECTORS

Quarter 3, 2018


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The Rage of Globalisation

By **WILLIE CHENG**
Chairman, SID

DIRECTIONS

Globalisation was once the rage. It was seen as the answer to economic growth for both developing and developed countries. "Everyone wins" was the standard line from advocates.

And, for a while, it delivered. Global trade resulted in new markets, new jobs, and increased production of goods and services. Economies and Gross National Product numbers around the world grew.

How times have changed. Of late, discussions about globalisation are tinged with concern, if not outright rage. At its most basic level, the interdependence and interconnectivity of a global economy accelerate adverse consequences such as climate change, the global financial crisis and social inequality.

The backlash from low-skilled workers in many developed countries who have lost their jobs to cheaper labour in developing countries has resulted in political upheavals, best exemplified by Brexit and the election of US President Trump.

In this issue, we examine the impact of globalisation on corporations that have to deal with increasing competition and regulation, as well as risks and opportunities arising from technological, sociopolitical and other global forces.

To start, Janson Yap and Amanda Huan provide a short history of globalisation, and critique its good, bad and ugly sides (page 6).

Various authors then examine what recent phenomena arising from globalisation, such as Brexit, the Belt Road Initiative (BRI), ASEAN integration, the BEPS tax initiative and the emergent sharing economy, mean for companies and their boards.

Two experts look at whether and how Singapore companies and family-owned businesses can go global, while a third looks at how a local company can compete with a global one on home turf.

We round off the issue by asking what globalisation means for directors sitting on international boards. Two of our columns, Ask Mr Sid and Expanding Horizons, discuss the role, functions and learning requirements of international directors.

Of course, we do not end here. Those of you familiar with the SID's annual calendar will be aware that "Rebooting Globalisation and Governance in an Era of Disruption" is the theme of this year's SID flagship conference which is scheduled for 7 September 2018.

You will get in depth with the subject as several plenary and breakout panels examine:

- Whether business is a force for good or bad in a globalised world;
- The implications of Globalisation 2.0 and the role for Asian leaders of businesses and non-profit organisations;
- How boards should respond to the pressures to compete internationally;
- The realities of the ASEAN Economic Community and BRI; and
- What it's really like to be an international director.

We look forward to see you there. ■

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The Good, the Bad and the Ugly of Globalisation

By JANSON YAP & AMANDA HUAN

Globalisation was once heralded as the beacon of hope for developing countries, an escape route that would allow them to climb out of poverty. However, an anti-globalisation backlash, tinged with the resurgence of nationalism, has put globalisation into the hot seat. The swing of votes to far-right parties in Germany and other European states, Brexit and the election of US President Donald Trump, has reset the globalisation agenda.

Globalisation is a word that has meant different things to different people.

It can simply be defined as the internationalisation of relations across borders, which facilitates the exchange of knowledge, trade, and capital around the world.

Aspects of globalisation tend to be grouped in the political, economic and social spheres. Drilling down, globalisation can be viewed in other buckets, such as health, environmental, scientific, technological and cultural cooperation.

Eras of globalisation

Globalisation has a long history. Some point to the year 3,000 BC as its beginning, while others say it started in the 15th century.

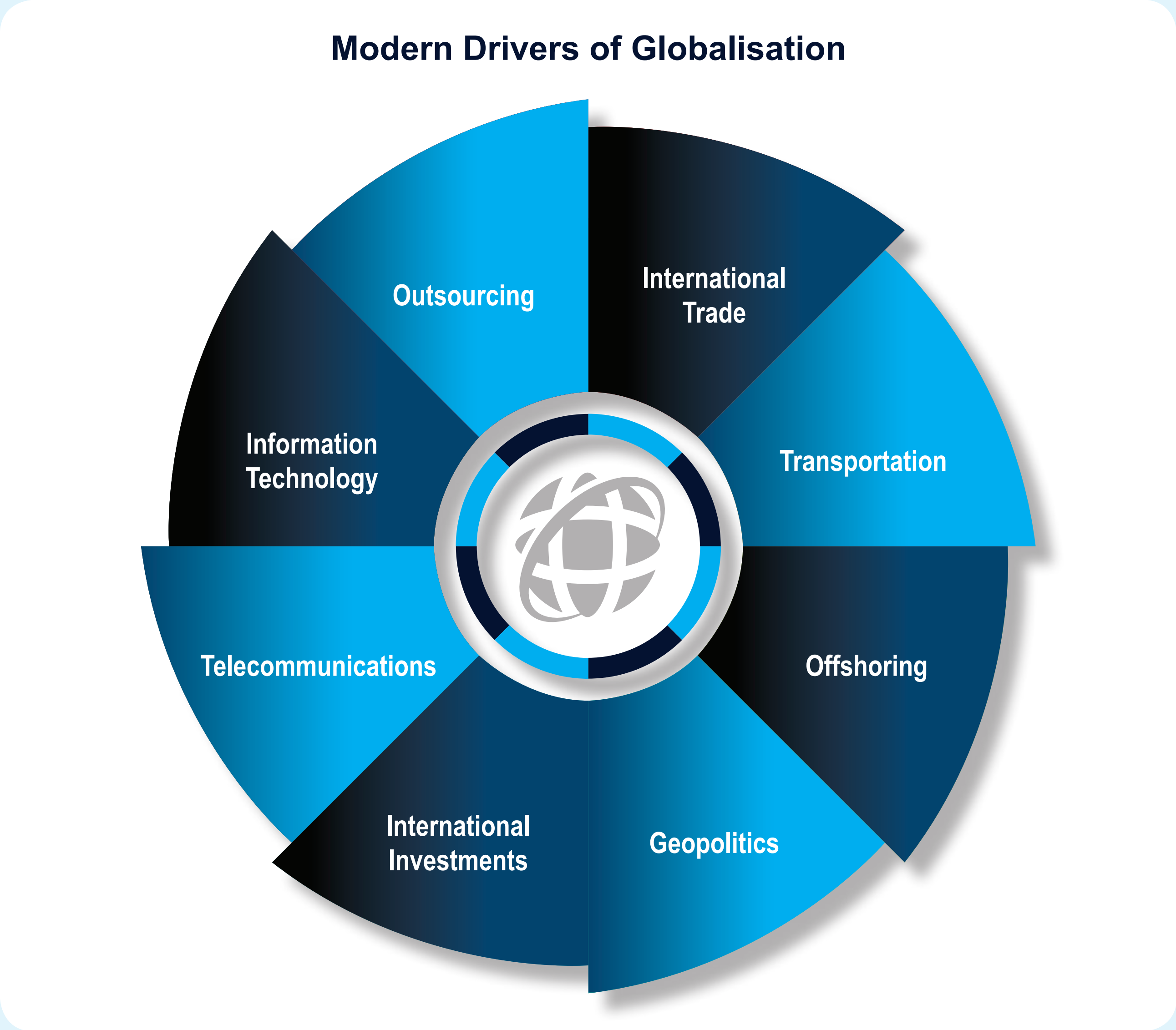
While the origins may be disputed, the common theme among most historians today is the basis of trade and exploration. From the establishment of the Silk route and the voyages of the Spice traders, multinational trade led to key developments in agrarian reform, manufacturing and industrialisation.

The table, "Phases of Globalisation", captures the main changes that globalisation has produced, and that have, in turn, changed the mood and mode of globalisation.

Phases of Globalisation

Phase	Period	Key Characteristics
Phase 1: Technical Revolution	1800s – 1940s	- Use of gold standard, making currencies convertible - Rapid increase in international exchange of goods and assets
Deglobalisation	WWI and WWII	- End of gold standard - Economic closure of nations due to war - The period of the Great Depression
Phase 2: Consolidation	1950s – 1980s	- Introduction of Bretton Woods institutions (World Bank and International Monetary Fund) - Launch of European Payments Union, opening borders to trade - Generalisation of currency convertibility - Fall of the Berlin Wall - Rise of Asian tiger economies
Phase 3: Hyperglobalisation	1990s – present	- Break-up of the Soviet bloc, allowing ex-Soviet countries to join the European market economy - At least two major global financial crises - Spread of global terrorism - Rise of socioeconomic inequality

Source: Adapted from Antimo Verde, *Is globalisation doomed? The economic and political threats to the future of globalisation* (Springer Nature, 2017).



Source: Adapted from Ken Moak, *Developed nations and the economic impact of globalisation (Palgrave Macmillan, 2017).*

Drivers of globalisation

The factors driving globalisation has changed with each era. The forces in play today are depicted in the diagram, "Modern Drivers of Globalisation".

However, throughout history, the drivers of globalisation are underpinned by the principle of international trade – comparative advantage. British economist David Ricardo illustrated this with an example of wine growers from Portugal and cloth producers from England. By demonstrating that it took fewer workers in Portugal to make wine than it does cloth and vice versa in England, he posited that both countries were better off if Portugal exported its wine to England and England exported its cloth to Portugal.

Therein ran the main argument of comparative advantage and the basis of free trade – and a resultant globalised world.

The Good

Without doubt, much good has come out of globalisation, at least for a large part of its history.

Nobel Prize economist and philosopher Amartya Sen said that "globalisation has enriched the world scientifically and culturally, and has provided vast economic benefits".

Developing countries and multinational corporations, in particular, gained access to global markets through trade. Global trade created new jobs and boosted manufacturing. Countries that integrated into the global economy saw increases in their gross domestic product (GDP). Technological advancement, foreign direct investment, information exchange and the development of skills and knowledge fed the growth of the four "Asian tiger economies" of South Korea, Taiwan, Hong Kong and Singapore.

However, decades on, the glossy veneer of globalisation has started to lose its shine.
At the 2017 World Economic Forum, international economist and free-trade proponent Dambisa Moyo acknowledged that "there have been significant losses from globalisation".

The Bad

It would seem that the good that came with globalisation also ushered in the bad. Among the negative consequences are by-products of interdependence and interconnectivity. These include the spread of environmental pollution, diseases, cross-border crime, international terrorism and global financial crises.

Air pollution associated with the production of goods and services for international trade has been linked to premature deaths of more than 760,000 people, according to a 2017 study on transboundary health impacts of transported global air pollution and cross-border trade.

The growing inequality between societies has also led to transmigration and urbanisation. Sometimes referred to as the "North-South divide", the widening chasm between the "haves" and the "have-nots" has been in the spotlight and blamed for sputtering growth in the world's developed, as well as developing, countries.

Since the 1970s, lower-skilled European and American workers have seen the real value of their wages drop by more than 20 per cent. Productivity and unemployment have become buzz words of developed economies, while protectionist arguments have gained momentum. These are not confined to strident nationalism.

Interestingly, the anti-globalisation movement is a mixed bag. While protectionist calls to restrict the free flow of labour and capital across borders have come from the conservative right, the liberal left has also expressed disillusionment with the initial promise of globalisation. International aid groups like Oxfam attribute rising socioeconomic inequality to the exploitation of developing countries by corporations.

Wage restraint, tax evasion and the squeezing of suppliers as companies remain overly focused on high returns are some of the supporting arguments.

Once seen as an equalising force to transform developing economies, globalisation is now seen as contributing to social inequality. In a report entitled *Causes and Consequences of Income Inequality: A Global Perspective* (2015), the International Monetary Fund (IMF acknowledged that globalisation has exacerbated economic inequalities across the world. Technological advances, in particular, have aggravated the pace of unequal development.

The Ugly

Rising inequality brings about huge social costs to society. Countries with wider income gaps tend to yield citizens with poorer physical and mental health. Homicide rates are also higher in these societies.

At a macro level, inequality is a source of social conflict within a country and dampens a country's overall growth. Socioeconomic disparity emphasises fissures in societies and destabilises governments who face increasing pressures to "right the wrongs" and be more transparent.

Oxfam reports that 82 per cent of the wealth generated in 2017 went to the richest one per cent of the global population while 3.7 billion people who make up the poorest half of the world saw no increase in wealth.

In 1997, economist Dani Rodrik was one of the first to warn about the growing destabilisation of the global economy caused by rising inequality, in his book, *Has Globalisation Gone Too Far?* Arguing that globalisation exposes social fissures between those with the education, skills and mobility to flourish in an unfettered world market, he cautioned against the growing tension and hardening positions on both sides of the political divide.

A buoyant international economy, surging stock markets and an emerging China drowned out his dissenting voice. Today, technological change, demographic trends (e.g. growth of ageing societies in developed countries), migration, international terrorism and climate change have thrown a spanner in the unrelenting pace of globalisation.

Socioeconomic inequality is articulated around the world in different ways (see box, "How Inequality is Felt Around the World").

The solution

Inequality is best tackled at multiple levels.

At the global level, international organisations such as the United Nations, the World Trade Organization, the IMF, and other civil society agents have proposed and/or implemented policies that would help diminish the divide.

For example, Christine Lagarde, Managing Director of the IMF, has been a leading voice for better wealth distribution and for countries to embrace inclusive growth. This entails greater emphasis on retraining and vocational training, preparation for technological advances, and stronger fiscal policies.

How Inequality is Felt Around the World

US	Europe	Asia
Americans who were affected by globalisation blamed businesses and the government for promoting/ supporting globalisation. By 2014, more than 10 million workers had lost their jobs and protectionists blamed capital transfer abroad and competition from emerging Asian countries. This was an ideal breeding ground for Donald Trump's "Make America Great Again" campaign. Since his election as US President, Mr Trump has tried to address two factors that he perceives drive inequality: free trade agreements and uncontrolled immigration.	The 2016 Brexit referendum was a reflection of the dissatisfaction felt by many UK voters toward a system that they perceived as unfair. Unskilled labour forces were worried about the impact of immigration on jobs and wages. Indeed, votes for Brexit were strongest in regions that were most affected by the flight of manufacturing. In Germany, Austria, Sweden and Denmark, the rise of populist and nationalist parties in recent elections have caught the world's attention. Underlying the anti-immigration rhetoric of these parties is a rejection of growing wealth disparity and social inequality.	An economic giant flexing its muscle on the global stage, the Chinese government is nonetheless preoccupied with the attempt to redistribute wealth more equally, or at least to be seen as tackling the twin evils of corruption and rising social inequality. The emerging economies of Southeast Asia are meanwhile not immune to the anti-globalisation movement. However, the economic upside of export-focused growth and trade has somewhat overshadowed the inequalities that have resulted. Singapore, for example, has one of the highest Gini coefficients (a higher coefficient indicates less equitable income distribution) in the world.

Separately, Oxfam's recommendations for businesses include limiting returns to shareholders and senior management and ensuring that workers receive a minimum "living" wage.

At the national level, governments should ensure that the wealthy pay "fair" taxes and also look at increasing public spending on healthcare and education and making them more widely available. The main idea is to compensate those who have been hurt by globalisation. Compensation may be in the form of wealth redistribution, retraining, or more robust welfare plans.

At the very least, countries should acknowledge that "trickle-down" theories of wealth do not work, and that attention must be paid to addressing inequality. In 2018, an Oxfam-commissioned global study surveyed 700,000 people in 10 countries and found that nearly two-thirds of all respondents thought that the gap between the rich and the poor needed to be urgently addressed. The consequences of neglecting inequality are real and need to be acknowledged.

What next?

Is globalisation still relevant? According to the business and political elite at the 2018 World Economic Forum, the answer is "yes". While not a resounding affirmation, the fact is that there is no other more viable option.

While the pace of globalisation might slow, it is an unrelenting process because the genie is out of the bottle. Short of isolationism, countries that engage in protectionist policies and separationist rhetoric will find themselves outnumbered and embroiled in a no-win situation.

The inequality that has resulted from globalisation is not sustainable. As outlined by international trade expert, Uri Dadush, the willingness and ability of a country to engage in globalisation critically depends on the social and political consensus that underpins the nation. If the consensus in support for globalisation is broken, countries will be forced to disengage from the world. This effect cannot be constrained.

The interdependence, that is in itself a consequence of globalisation, ensures that if one country collapses or withdraws from the system, this will cause ripples through the system, pulling other countries with it. In the worst-case scenario, some scholars predict that the world will end up in a "Mad Max" situation, an apocalyptic dystopia.

In order to continue yielding the benefits of globalisation, business leaders and politicians will have to address the negative outcomes, especially economic inequality. To quote Amartya Sen again: "There are important issues of equity and fairness that have to be addressed by each country and also by the global community." This will entail corrective action being undertaken by multiple stakeholders, including businesses, civil society, and governments. ■

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Globalisation, NIV*

**New Improved Version*

By **ROBERT CHEW**
Council member, SID

The debate on globalisation has taken a religious fervour. However, despite the anti-globalisation tide, it is not dead yet. It just requires serious rethinking to allow for the many positives to continue and business leaders will have to manage with competing forces in today's complex and disruptive landscape.

For more than a century, globalisation has been the holy grail of the developed world. Events like the Fall of the Berlin Wall and the rise of the Internet confirm what believers of globalisation have long pontificated – that free trade, capitalism and globalisation are the answers to a more prosperous and civilised world.

Lately, those who do not believe in the god of globalisation are pushing back. Calls for populism, anti-trade and anti-globalisation – best exemplified by Brexit and US President Donald Trump's "America First" policy – have been too deafening to ignore. Economists also raised questions about the negative aspects of globalisation, on top of mounting issues such as fairness in trade and complexity of trade negotiations.

Is globalisation still relevant for the times?

Davos 2018

In January 2018, at the annual World Economic Forum in Davos, globalisation was an emergent issue.

Jack Ma, co-founder of Alibaba Group, remarked in a discussion at the Forum that "globalisation cannot be stopped… If trade stops, wars start".

GLOBALISATION

World leaders such as Angela Merkel, Theresa May and Liu He, were also in favour of global trade and collaboration.

While the negative consequences of globalisation remain pressing, political and business leaders cautioned strongly against using protectionism as a response to counter them. President Trump who himself claimed that "trade wars are good and easy to win", also conceded that "'America First' does not mean America alone… When the United States grows, so does the world… We support free trade."

India's Prime Minister Narendra Modi regards the backlash against globalisation as one of the three most significant challenges to civilisation today: "Many societies and countries are becoming more and more focused on themselves. It feels like the opposite of globalisation is happening. The negative impact of this kind of mindset … cannot be considered less dangerous than climate change or terrorism".

Dawn of a new era

This challenge to civilisation has not gone unheeded.

Countries, businesses and individuals are more highly connected today than ever before. Digital technologies have enabled and driven increased integration through trade, investment flows and information exchange.

This will not be undone by political rhetoric notwithstanding the current spike in populism and protectionism. Instead, a new form of globalisation is being shaped, characterised by polarising forces of cooperation versus competition, borderless digital flows versus physical sovereign borders, and openness versus privacy.

In this new testament of globalisation, today's businesses need to recognise the increasing complexities of the environment we are operating in today – a continually disrupted world that requires both deep cooperation as well as competition.

Cooperation and competition

Globalisation 3.0, published in January 2018 by legal giant Baker McKenzie, used the metaphor of a Peloton to describe the state of globalisation today. In a road bicycle race, the Peloton refers to the main pack of riders. Riders in a pack save energy by riding close ("drafting") and near (particularly behind) other riders. The "drafting" effect greatly increases the riders' speed and efficiency, but the cooperation gradually evolves (or devolves) into head-to-head competition, as each rider is focused on winning the race.

Likewise, while nations are cooperating with each other to achieve prosperity and security, there are also flashes of competition and protectionism, driven by desires to realise a variety of "rewards", such as tariff revenue and domestic political mileage.

Digital disruption

Apart from the competing forces of cooperation and competition, digital technology will also change the nature of globalisation. It will transform work and the old notion of offshoring work to lower cost places. There will be no need to fear losing jobs to overseas labour as automation would have eliminated many, if not, most of the cheap entry-level blue-collar jobs.

Digital technology will also ease communication. With globalisation comes greater connectivity, and bilingualism – even "multilingualism" – will become essential. Digital technology can help in this aspect. The industry is making strides in

machine translation and companies like Google, Microsoft, Baidu and Tencent are working hard to make Star Trek-style universal translation a reality.

Digital technology also provides businesses with access to increasing volumes of data. However, businesses struggle to aggregate and analyse the data. While developing insights from big data create tremendous opportunities, it also brings about its own set of challenges. One of them involves reconciling the commercial need to structure and analyse data with increasingly complex data privacy and protection laws that are constantly enacting around the world.

Rethinking to NIV

A new improved version of globalisation is arising.

Like the periodic rise and fall of the waters of the ocean, the tide of globalisation continues, albeit with different "momentums". Globalisation 3.0 is characterised by the opposing forces of competition and cooperation; automation and unemployment; connectivity and security; and seamless exchange and insular trading.

A highly complex and potentially turbulent world is the inevitable consequence of this new "current" and companies and governments will really have to spend their energies to figure what the new globalisation means and brings for humanity. ■

The Belt and Road Initiative and Singapore

By
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Singapore has played an early supporting role in China's Belt and Road Initiative (BRI) and can strengthen its position by planning for the new trade and economic relationships that the initiative will create.

The Belt and Road Initiative (BRI) was unveiled by Chinese President Xi Jinping in 2013 as a trade development strategy that aims to better connect China with countries in the region, as well as Europe, the Middle East, and parts of Africa. It comprises a land-based Silk Road Economic Belt and an ocean-going Maritime Silk Road. It will involve more than 70 countries and will cover 65 per cent of the world's population and 40 per cent of global gross domestic product (GDP).

The idea was initially introduced as the One Belt, One Road (OBOR) plan, but China subsequently amended the name to BRI to reflect the idea's far-reaching ambitions. While many media outlets still retain the term OBOR, the concept has evolved from an infrastructure development project linking a fixed set of countries to an open invitation to the global community to foster greater connectivity and prosperity.

This has wide ranging connotations with respect to Chinese foreign investment in infrastructure-related arenas. Countries including Australia, Brazil, and Ecuador may not have formally signed up to be BRI partners but reports of Chinese investment in infrastructure in these countries make reference to the BRI.

The BRI's ever-increasing portfolio of potential projects and country partners has generated interest from governments and private firms the world over. Singapore's existing strong relationship with China, her role as a major offshore renminbi destination and ability to act as a one-stop shop for infrastructure financing and development have given firms in the country a head start in taking part in the BRI. The Singapore government will no doubt seek to maintain the delicate balance between Singapore's own economic prospects and those of the broader region, particularly in light of its role as ASEAN Chair in 2018.

The ASEAN Master Plan for Connectivity may share similar strategic goals to the BRI on some levels, but that does not mean that there will not be challenges and potential cross-border political tensions which must be accounted for on a project-by-project basis.

Singapore's key supporting role

Singapore is well known as a hub for trade and connectivity and has also enjoyed long-standing positive ties with China.

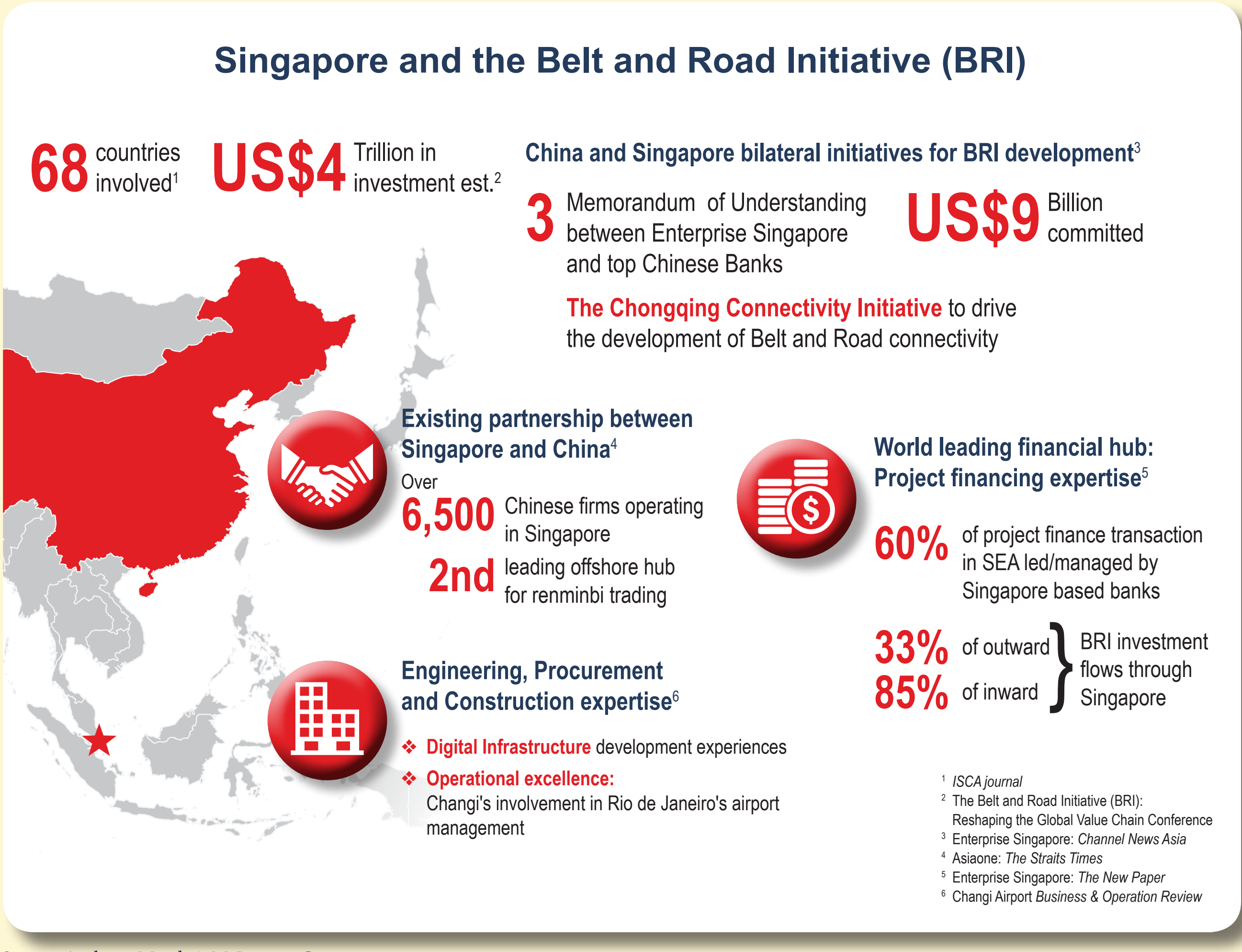
When the BRI was first announced, the Singapore government moved quickly to position the country as a key supporting player in the scheme.

This was a move borne out of expectations of the potential opportunities, and out of concerns for the potential risks. After all, many of the BRI projects initially proposed may provide direct competition to the Port of Singapore.

To this end, Enterprise Singapore (an agency formed by the merger of IE Singapore and SPRING) signed a number of key BRI Memorandums of Understanding (MOUs) with various major Chinese financial institutions. The Singapore Business Federation (SBF) has also promoted Singapore's potential in the context of the BRI. One such initiative is the SBF-organised BRI Business Dialogue, which brought together over 80 business leaders from China, Singapore and the US to discuss the progress of BRI and explore potential partnerships with one another.

The sheer scale of the BRI and its associated investment values (some estimates expect projects to total US$4 trillion) mean that competition is high among nations to be part of the BRI project ecosystem. Beyond the enabling environment that the Singapore government has created, Singaporean firms have also leveraged two key strengths of the city state.

The first is Singapore's status as a global and regional financial hub. Robust financial institutions and markets, coupled with quality legal and insurance frameworks, position Singapore as a key player in the financing of BRI projects. To date, 33 per cent of all outward investments and 85 per cent of inbound investments related to the BRI now flow through Singapore. The Singapore Exchange (SGX) also



Source: Authors, Marsh & McLennan Companies serves as an important platform for the issuing of BRI bonds. In 2016, China Construction Bank listed its first RMB 1 billion (S$209 million) BRI infrastructure bond on the SGX.

The second strength centres on Singapore's Engineering, Procurement and Construction (EPC) expertise combined with operational excellence. The completion and operation of highly complex infrastructure such as Changi Airport is testament to the high standards of local firms. Singapore has also successfully exported its operational excellence. For example, Changi Airport Group has been growing its footprint globally, investing in and managing foreign airports through its subsidiary Changi Airports International. Singaporean firms, given their experience in operating infrastructure in and across foreign settings, can contribute their expertise to BRI projects. For instance, Sembcorp Industries and Chongqing Energy Investment Group have agreed to explore a strategic partnership on a broad range of development areas in line with the BRI.

Hopes and fears for trade

Most contemporary discussion of the BRI focuses on infrastructure financing and construction and less so on the opportunities the infrastructure will bring once completed. China's stated end goal is to promote trade and economic integration with the destination countries, but the potential benefits are more likely to be multilateral than bilateral.

The BRI also carries with it risks and uncertainties that Singaporean firms need to consider:

- How might China's increasingly strong economic relationships disintermediate Singapore from future trade?
- How disruptive will some of the BRI projects, such as the East Coast Rail Line and Melaka Gateway Port in Malaysia, be to Singapore when completed? The same goes for mooted projects like the Kra Canal in Thailand.
- How will China's drive to export its technology and technical standards affect Singapore in its role as a world-class asset operator?

Beyond the implications the BRI has on Singapore's role in future trade flows, there are broader concerns that Singaporean firms need to address. These include the expected impact that 3D printing will have on global trade and supply chains as product manufacturing is brought closer to customers, and the increase in protectionist trade measures put in place by many countries.

By necessity, Singapore has long had an open economy and enjoys friendly relations with other countries. The proactive governmental response in putting in place BRI-linked MOUs and other agreements with China must now be replicated with other countries involved in the BRI. The onus is on Singaporean firms to identify the countries that possess greater trade and economic potential and to start expanding relationships and local expertise. The government can then provide support by pursuing relevant trade agreements to bolster this potential.

Securing a bright future for Singapore

A combination of government initiatives and private sector expertise has, to date, allowed Singapore to play an outsized role in this epic connection of infrastructure and economies.

The ever-increasing geographic scope of the BRI will provide local firms with opportunities to provide financial, legal, and technical expertise that will help turn ambitions into reality. At some stage, however, the tipping point will be reached between the construction phase and the new world of increased trade flows and economic integration. There will be no formal demarcation between these phases and firms can and must start preparing for this organically-evolved shift now if they are to differentiate themselves in a world that will be even more competitive than the one today. ■

ASEAN Integration: Regional Growth and Corporate Governance

By **SIMON TAY**

Considerable corporate attention has turned to the Association of Southeast Asian Nations (ASEAN) over the past decade, and for good reason. The region's growth rates are outperforming the world, with some economies growing faster than China. The group of small to medium-sized countries has also sought to form an integrated and cohesive regional economy.

For many Singaporean and Singapore-based companies, ASEAN is no longer an option but fast becoming a necessity. Ignoring competition and disregarding opportunities at the country's doorstep would be foolhardy. Further, regional expansion and management of operations in the near abroad are facilitated by numerous government assistance schemes. Businesses can reap greater economies of scale by spreading value chains across two or more countries.

Regionalisation is an imperative in the strategic outlook for Singapore's economic future, and its ASEAN neighbours will come into increasing focus. Singapore's Committee on the Future Economy has reiterated that for businesses in Singapore to remain competitive, they need to deepen and strengthen regional links with their ASEAN partners.

Even with these opportunities, corporations must be prepared to meet and overcome challenges. Beyond increased competition and commercial risks, ASEAN integration also brings with it political uncertainty and policy risks. Three key considerations for corporations and their leadership in relation to their ASEAN strategy are outlined below.

Diversity and potential conflict

First, the rich diversity among the ASEAN countries relates not only to race, language and religion. There are huge differences in the regulations, laws and practices from one ASEAN country to another. This is not withstanding the efforts to create an ASEAN Economic Community (AEC) and the progress made in reducing tariffs to promote cross-border transactions.

The differences in political systems and economic development within the regional bloc are a potential obstacle. For example, developing markets in the region can often be nationalistic and sensitive to foreign entrants in some sectors. Attitudes to foreign direct investment vary across the different markets.

ASEAN integration has noticeably increased but the region is far from seamless. Regulations and differences in procedures for implementation still need to be harmonised. Recognising this diversity, many foreigners will seek out local partners, even when the laws on the books allow for wholly foreign-owned entities. This route does, however, require the careful selection and often courting of the best partner, as well as an active effort to manage and grow relationships over the longer period of working together.

Many multinational corporations (MNCs) now have ASEAN strategies – much as they adopted China strategies in past decades – with resurgent interest from Japanese, European and American corporations as well as the emerging presence of Chinese companies entering ASEAN. Often, new entrants will retain advisory service firms – investment advisers, lawyers, accountants and financiers – that know the country in-depth.

Many MNCs will turn to western and international firms with big name recognition. Yet, while this may seem the safe choice, the presence and strengths of such international names may be unequal across different jurisdictions. Another option is to consider more indigenous practices, especially companies which have linked up and allied with other national firms across ASEAN.

Policy risks

Second, as the AEC vision progresses, and ASEAN seeks to open individual markets, there is an increased expectation of greater convergence. This is especially in newer areas like e-commerce where leaders aim to streamline digital trade rules with the ASEAN Agreement on E-commerce.

ASEAN, however, does not set or enforce rules lightly, since its 10 member states are sovereign and independent. The regional grouping has adopted a soft approach towards community building and has avoided, as much as possible, the use of legally-binding instruments. This preference for informal processes and mechanisms is referred to as The ASEAN Way.

This softly-softly approach is a major consideration for companies thinking of venturing into the ASEAN market. As national and local rules remain fundamental, ASEAN policy directions and international best practices are to be considered but may not always take precedence.

Investors coming into ASEAN countries must be resilient to policy changes. Member economies are in different stages of market development, some are in transition to global market practices. Government subsidies and trade barriers remain, with the social and cultural baggage of emerging economies.

For instance, energy price subsidies, which are critical to some industries, can be subject to policy changes as new priorities emerge for government spending. International standards on environmental protection may not carry the same weight in developing markets. Local communities and lobby groups have deep roots. Changes in public finance and currency values can also be volatile.

Managing shifts of public attitudes and reactive policy changes by governments will often test companies. In Myanmar, for example, the multi-billion dollar Myitsone dam construction was halted in 2011 because of environmental and social concerns raised by communities located close to the project site. This was despite strong support from the country's military regime and an influx of funds from China. The long drawn-out dispute continues to hamper progress on the infrastructure project today.

Managing expectations

A third major area of concern is related to the lack of international benchmarks. A clear example of this is corruption. Transparency International's Corruption Perceptions Index 2017 issued a bleak picture of regional progress on this front. Other than top scorer Singapore, almost all the other ASEAN countries are ranked in the lower half of the index. Some of the worst performing countries on the global index are ASEAN member states – namely, Cambodia, Laos and Myanmar.

Problems of legal compliance between the investing company's home country and the host country can create tension in managing shareholders' expectations. Unless properly managed, these discrepancies can expose the corporation to reputational risk. In an era of rising financial fraud and corporate scandals, corruption is increasingly in the spotlight. These can extend to how a corporation's agents or partners conduct their affairs, and even to the personal misdeeds of their executives.

Public demand in these host countries is also shifting and there are many more examples of efforts to clean up political and commercial corruption in different ASEAN countries. For example, Indonesian authorities have sentenced their former speaker of parliament, Mr Setya Novanto to 15 years in prison for his role in embezzling US$170 million (S$227 million) from public funds.

While Indonesia has seen its score inch up from 32 to 37 in the past five years, according to Transparency International's latest index, the region still has a long way to go in the fight against deeply-ingrained corruption. In these efforts, the prosecution and publicity surrounding corruption can have an element of politics and selectivity.

These can create not only legal but also reputational risks for the officers directly involved. They can echo back to the top management in the home country. There are also risks of litigation in the home country courts for what is done overseas.

The risks of doing business in ASEAN countries are real, as with many developing markets. But the rewards can be considerable, not only in the short term but as the region grows and matures in the coming decades. Projected estimates are that ASEAN could be the world's fourth largest economy by 2030, with nearly half a billion of its population in the middle income class.

Overall, the risk/reward ratio for doing business in ASEAN seems promising. But the key for a successful company aiming for sustainable, long-term growth and profits will be finding ways to manage and minimise risk while navigating the diversity and uncertainties of the ASEAN landscape. ■

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Accounting in a Globalised World

By **GERARD TAN**
Council member, SID

Just like how the world is split between the metric and imperial measurement systems, the world is divided in accounting standards between the International Financial Reporting Standards (IFRS) and US Generally Accepted Accounting Principles (GAAP). Unfortunately, conversion and comparability between the two accounting systems are not as easy and straightforward as with the measurement systems.

Accounting has a very long history, dating back hundreds of years when a Franciscan monk named Luca Pacioli invented double-entry bookkeeping.

With unprecedented economic growth, companies took the lead in modernising financial reporting. After the US stock market crash of 1929, many market participants felt that insufficient and misleading accounting and reporting had inflated stock prices.

The resulting pressures on the accounting profession in the US for accounting standards led to the establishment of the Generally Accepted Accounting Principles (GAAP). Today, US GAAP, issued by the US-based Financial Accounting Standards Board (FASB), is the accounting standard for US publicly-listed companies and is required by the US Securities and Exchange Commission.

Meanwhile, European regulators created an international body, which eventually became the International Accounting Standards Board (IASB), to establish international accounting standards. The standards issued by the IASB are designated as International Financial Reporting Standards (IFRS).

COUNTING BEANS

Over 110 countries in the world have accepted IFRS as the globally accepted standard for accounting. This group includes Singapore, where full convergence of the Singapore Financial Reporting Standards (SFRS) with IFRS is effective from 1 January 2018, with the Singapore Financial Reporting Standards (International) or SFRS(I) issued by the Accounting Standards Council (ASC).

Some countries, such as Japan, allow voluntary adoption of IFRS. China continues to amend its Chinese Accounting Standards so that its principles are increasingly in line with IFRS, in effect.

IFRS vs US GAAP

While there are similarities between the IFRS and US GAAP, there are also significant differences, which perhaps explains why the two accounting standards co-exist side by side. After all, the metric vs imperial system for measurements, and the right-hand vs left-hand side driving system still persist.

However, unlike the metric and imperial systems, IFRS and US GAAP are not so easily convertible from one to the other, and unlike left- and right-hand driving, they are not binary.

The greatest similarity between the two accounting standards is that both are based on double-entry accounting. Both standards use an income statement, a balance sheet and a statement of cash flow. Both prepare financial statements on an accrual basis, meaning revenue is recognised when it is realised or realisable. When dealing with cash and cash equivalents, both methods are essentially the same.

Key Differences Between IFRS and US GAAP

Item	IFRS	US GAAP
Statement of Profit or Loss, and Comprehensive income	No prescribed statement of profit or loss, and comprehensive income format exists. Entities are required to present items included in other comprehensive income that may be reclassified into profit or loss in future periods separately from those that will not be reclassified.	All items included in other comprehensive income are subject to recycling.
Expenses	Expenses may be presented either by function or by nature (whichever provides information that is reliable and more relevant.)	Expenses may be presented either in single-step format (all expenses classified by function), or multiple-step format (separate operating and non-operating activities).
Balance sheet (offsetting of assets and liabilities)	Right of setoff is a debtor's legal right, by contract or otherwise.	Setoff is improper unless a right of setoff exists.
Inventory	First-in, first-out (FIFO) and weighted average allowed; Last-in, first-out (LIFO) not allowed.	Either FIFO, LIFO or weighted average cost can be used.
Consolidation	Principles-based model: the consolidation must reflect the structure, i.e. whether there is sufficient control, risks and benefits between parties.	Two-tier rules-based model: Voting rights and a qualitative analysis of power over significant activities and exposure to potentially significant losses or benefits.
Non-Financial (Intangible) Assets	Uses a one-step impairment test. Reversal of impairments, other than goodwill, is permitted.	Requires a two-step impairment test and measurement model. Reversal of impairments is prohibited.
Acquired intangible assets	Recognised only if asset will have a future economic benefit which can be reliably measured.	Capitalisation depends on both the type of acquisition (asset acquisition or business combination) as well as whether the asset has an alternative future use.
Internally-developed intangible assets	Classified into research phase costs (expensed) and development phase costs (capitalised).	Both research costs and development costs are expensed as incurred.

The biggest difference is that IFRS is principle-based while US GAAP is rule-based. With IFRS, there can be different interpretations of the same transactions. With US GAAP, there is a strict set of rules for preparing financial statements and disclosures.

At a more granular level, there are differences in virtually every aspect of financial reporting. The table, "Key Differences Between IFRS and US GAAP" summarises some of the main ones.

Convergence of IFRS and US GAAP

In an ideal accounting world, we would have a single accounting standard. The world would be much simpler if the IFRS and US GAAP were to converge.

In October 2002, the IASB and FASB started work on just that, only to abandon the effort 10 years later. To date, only one converged standard, Revenue from Contracts with Customers, has emerged.

In 2013, the IFRS Foundation established the Accounting Standards Advisory Forum (ASAF) to improve cooperation among worldwide standard setters. The US FASB is one of the members of the ASAF.

Hopefully, the convergence of the two standards will eventually happen although this is not likely in the near future. Meanwhile, accountants and even non-accountants will need to be financially bilingual in order to understand, interpret and reconcile financial reports prepared under the other standard. ■

CORPORATE TAX IN A GLOBALISED AND DIGITALISED WORLD

By
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Globalisation has changed how businesses conduct operations. As a result, tax administrations around the world are updating tax rules to keep pace and get their fair share of tax revenue. Boards and companies need to bear in mind not just these rule changes but also the tax authorities' longer reach as the latter go digital, share information and coordinate across tax jurisdictions.

As the world becomes increasingly more globalised and digitalised, traditional business models are being disrupted at an accelerating pace.

Tax administrations have also found that their tax laws, which were developed to tax profits derived from country-centric and traditional business models involving brick-and-mortar stores and physical goods and services, are not keeping up with the evolution of business. There is thus the perception that tax administrations are not getting their fair share of tax revenue, especially from multinational corporations.

To address this, the Organisation for Economic Cooperation and Development (OECD) introduced the Base Erosion and Profit Shifting (BEPS) project in 2013. The aim was to update international tax rules so as to be aligned with how businesses operate in a globalised world. The project currently consists of 15 action plans (see box "BEPS Action Plans").

BEPS Action Plans

Horizontal Actions		
1. Addressing the tax challenges of the digital economy		
15. Developing a multilateral instrument to modify bilateral tax treaties		
Coherence	**Substance**	**Transparency**
2.Neutralising the effects of hybrid mismatch arrangements	6. Preventing the granting of treaty benefits in inappropriate circumstances	11. Measuring and monitoring BEPS
3. Designing effective controlled foreign company (CFC) rules	7. Preventing the artificial avoidance of permanent establishment status	12. Mandatory disclosure rules
4. Limiting base erosion involving interest deductions and other financial payments	8-10. Aligning transfer pricing outcomes with value creation	13. Transfer pricing documentation and country-by-country reporting
5. Countering harmful tax practices more effectively, taking into account transparency and substance		14. Making dispute resolution mechanisms more effective

As a result, the world has witnessed unprecedented change in international tax rules in recent years, and tax has been pushed to the forefront of company's focus and the board's agenda.

Amidst the challenge of keeping pace with the constant slew of new tax developments, businesses should bear in mind these top three issues to ensure that tax risks are managed:

- Substance is key in cross-border transactions.
- Information sharing by regulators is the new norm.
- Digital is ubiquitous.

Substance of cross-border transactions

The aim of the BEPS project is to ensure that profits are reported "where economic activities are carried out and where "value is created".

With BEPS as a catalyst, tax administrations around the world have been updating their tax legislations to align with how businesses are conducted, so as to capture their fair share of tax revenue.

As of end May 2018, 116 jurisdictions (including Singapore) have signed up as members of the Inclusive Framework on BEPS. Members commit to implement minimum standards with respect to harmful tax practices (Action 5), treaty shopping (Action 6), country-by-country reporting (Action 13) and dispute resolution (Action 14), to level the global playing field.

BEPS associates work together with the OECD and G20 members to share information and best practices, develop standards on BEPS-related issues in addition to undertaking peer review of each other's progress in implementing BEPS action plans.

Further, BEPS recommendations are expected to be integrated into the tax treaty network via the multilateral instrument developed under Action 15, to prevent base erosion and profit shifting.

Cross-border controversies are expected to increase as tax administrations look to get their fair share of tax revenue. Boards should ensure that management diligently monitor tax developments that impact their businesses and flexibility is built into the business model to take into account tax law changes.

Business strategy should focus on real functions, assets and risks, and businesses should consider a review of their business structures, supply chains and operations to be BEPS-ready.

Information sharing by regulators

Tax authorities are increasingly adopting automatic exchange of information across borders.

Coupled with increasing level of reporting requirements such as country-by-country reporting and compulsory transfer pricing documentation, this has given tax administrations, business stakeholders as well as the public greater visibility of a multinational enterprise's profile.

Boards need to understand that sharing of cross-border information by tax administrations is to be expected. Businesses have to take the view that nothing is sacrosanct.

They have to strike a balance between what to disclose and how much to disclose. Disclosure needs to be calibrated to maintain confidentiality of key competitive information while still meeting reporting requirements. The information that is reported needs to be concise such that readers can easily follow, yet not be too brief, to minimise the risk of readers reaching a conclusion contrary to what was intended.

The information has to be consistent to avoid controversy and reputational damage.

Systems and controls need to be robust to collate and report information efficiently and accurately. Therefore, businesses should perform an assessment of their systems and controls to determine if any enhancement is needed to improve efficiency and reduce costs of information collation and reporting. They should also assess if they have sufficient resources and budget to comply with the ever-increasing transparency requirements.

To that end, businesses can consider digitalisation and automation to reduce the burden on resources. They also need to recognise that in this digital world, the tax authorities may know more about them than themselves.

Going digital

The transformative influence of big data and technology has a direct impact not just on the tax function alone, but the whole organisation.

Governments and tax administrations are going digital, accessing information closer to the source and changing the dynamics of the reporting and auditing process. For example, all Singapore taxpayers are expected to e-file their tax returns from Year of Assessment 2020. Currently, many tax filings and applications, such as withholding tax forms and payments, are already done online.

Digital technology is also transforming the way tax administrations interact with taxpayers and other tax authorities. Tax administrations are increasingly relying on data analytics to spot trends and anomalies and target tax audits.

While the OECD works towards a consensus-based solution by 2020, we are likely to still see a varied set of rules and interpretation by different jurisdictions in taxing the digital economy.

For example, Taiwan has imposed value added tax (VAT) on foreign e-commerce operators (FECOs) without a fixed place of business in Taiwan who provide e-commerce services to Taiwanese individuals. Singapore is also proposing to implement a reverse-charge regime for business-to-business supplies of imported services, and an overseas vendor registration regime for business-to-consumer supplies for imported digital services from 1 January 2020.

As businesses adopt digitalisation, tax should be one of the facets considered in the digitalisation strategy. More than ever, companies will need to change their mindset around how they collect, store and analyse tax and financial data.

In addition to monitoring tax developments in the digital space, boards need to monitor whether businesses have adequate investment in their tax and information technology functions to meet the tax requirements across the jurisdictions that they operate in. To that end, they should implement digital strategies that can work within and across markets and respond to evolving compliance and audit requirements.

Way forward

Boards need to ensure that management monitors tax developments and formulates business strategies and business models that focus on where business has functions, assets and risks. Business strategy should be well-defined and well-documented to manage potential tax risks.

As tax policy becomes more complex, tax matters should become part of an enterprise-wide strategic concern that warrants greater attention from the corporate leadership. And if businesses proactively address the three issues above, they should be well-placed to manage their tax risks in this new tax world. ■

Embracing a New Capitalism

By **GRAHAM OWENS**

SID SINGAPORE INSTITUTE OF DIRECTORS | BOARDROOM MATTERS

In the last few years, global business leaders have increasingly deliberated on what capitalism means today, and what it could mean tomorrow. Even though there was agreement that the capitalist model is, conceptually, the best economic system, a consensus has emerged that change is overdue.

When they work effectively, market principles enable healthy competition, innovation, wealth creation and efficient resource allocation. However, the unfettered capitalism of the past decades has led to market and corporate failures with disastrous consequences.

The rethink of capitalism has also been precipitated by the urgent need to achieve sustainable development in a progressively resource-constrained global economy that needs to support an ever expanding population.

Sustainability is a global issue that affects companies, with direct implications for their survival. History illustrates that companies that are unable to adapt to such changes, soon find themselves out of business. And the current change in the business climate is fundamental.

Some companies have seized the moment and started the process of transformation to a more balanced model of capitalism. However, to achieve critical mass, more companies must join this shift. And without the board at the helm of such change, to provide proper oversight and control, progress will always be temporary, incremental and, ultimately, ineffective.

Rethinking business and models

So, what should boards do?

First, boards and their companies should understand these new realities. They need to recognise that a blinkered focus solely on maximising returns on financial capital is increasingly undesirable. Externalities must be accounted for, inequality is divisive, and growth and profitability cannot be the only measures of success. Two immediate questions come to mind; does the current composition of board guarantee the kind of quality thinking required to deal with such issues, and is the current management team able to implement strategic outcomes.

Companies need to take a stewardship perspective to all stakeholders, not just shareholders. Decisions need to be made from a holistic and longer-term standpoint, incorporating environmental, social and governance impacts with the more traditional measures of economic success. The "capital" in "capitalism" does not refer to finance alone. The Integrated Reporting framework, for example, refers to six capitals: financial, manufactured, intellectual, human, social and relationship, and natural.

Second, they should seek to understand and engage with stakeholders, both supporters and critics. Information flows cannot be one-way traffic, rooted in past events and focused on historical data. With real engagement, boards can become better informed about how different groups view the company and its impact over time. The perceptions of stakeholders may not necessarily be correct, but perception can frequently outweigh reality in our hyper-connected world, so the careful management of perceptions has become a critical task.

With a better balance between external and internal views, boards can develop a good understanding of how their licence to operate is framed, and what the potential is for sustained partnerships and collective action that are best suited given their own limited resources.

Third, boards need to start asking different questions of management and their business models. Instead of just wondering – "How much will these things cost in the future?" – they need to probe further with questions like: "How should we adapt now, for the future?", "What alternatives are there?"' and "How do we create them?"

Next, in seeking answers to these questions, boards and companies should seriously invest in business model innovation and competitive intelligence. Analysis of changes in the marketplace, both within and outside their industries, provide ammunition fo better informed decisions. Additionally, they should focus on outcomes and actions which can be adapted and incorporated into their own ongoing strategy. Scenario planning, an older management tool perhaps, but one that has developed into a sophisticated practice, can help companies better prepare for possible future disruptions. The key ideas in such a process are to focus on plausibility and the unexpected, not probability.

Research consultancy SustainAbility's 2018 review has identified some issues it believes will have significant impact on global sustainability and corporations. These include corporate leadership on climate change, economic and social equity, freedom of speech, sustainable mobility amongst other core issues facing society.

Evidently, these trends will significantly impact the mission, vision and values of companies, operating locally and internationally, their top management and their boards of directors.

Looking ahead

Many boards and senior executives in the private, public and social sectors agree that the current capitalist model is outdated. Whilst Clay Shirky notes that "institutions will try to preserve the problem to which they are the solution", new capitalist models have doggedly emerged. Boards need to take a broader view of their companies and the markets in which they operate in the light of these potentially game changing developments.

Here in Singapore, boards need to take a broader view of their companies and the markets in which they operate in the light of these potentially game changing developments. It's not just about leading the way today, but also about which companies still want to lead the way in five, 10 or even 20 years. ■

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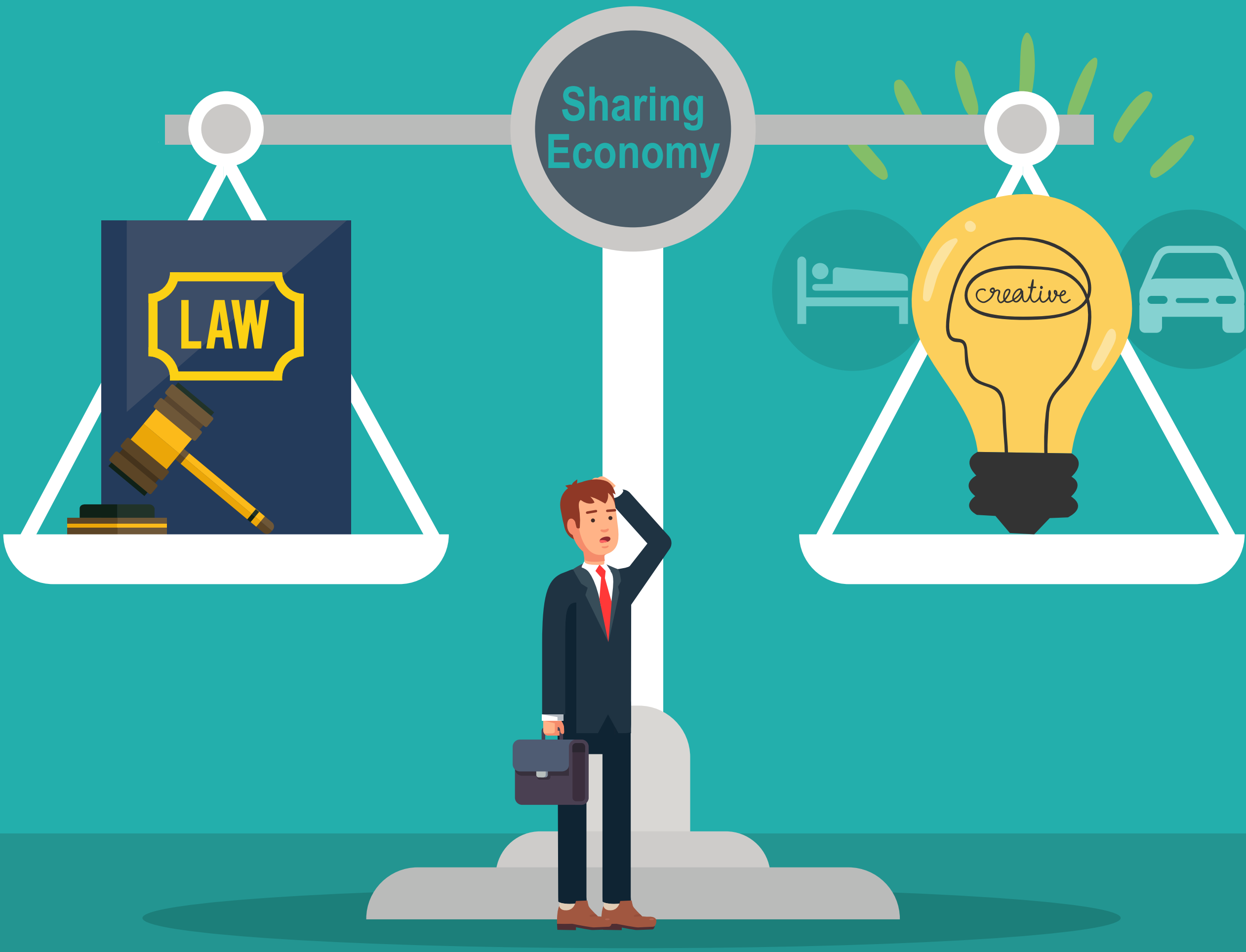
Boardroom Matters is a weekly column by SID for The Business Times and its online financial portal, BTInvest, where a version of this article was first published.



Regulating the Sharing Economy

By
CHAN YU MENG
Partner, Corporate Department, Lee & Lee

Regulation serves to protect existing interests while innovation benefits from avoiding regulation. Will both sides learn to co-exist?

We are now living in the age of the sharing economy. It is increasingly common to share the use of vehicles and accommodation with others through ride-hailing (e.g. Uber, Grab, Lyft, Ryde) and property leasing (Airbnb, FlipKey, HomeAway) companies.

These new-age companies have won over consumers and owners of those vehicles and property by providing both sides easy-to-use online platforms or mobile applications that facilitate the monetising of underutilised resources. By the same token, these companies have also captured investors by garnering eye-watering billion-dollar market valuations.

None of them has captured the imagination more so than Uber, founded less than a decade ago and becoming so prominent that changes in various industries are now referred to as "uberisation". The company popularised peer-to-peer ride-sharing. While such sharing platform companies have been praised for their clever use of disruptive technologies, their conduct and business models have been called into question.

How we share

One such business model is the allowing of home owners to become hosts via a web/app platform that facilitates the renting of empty rooms or properties on a short-term basis (usually to travellers) at a fraction of costs charged by hotels. The host charges a fee to the lodger and the platform charges both the host and lodger for use of the platform.

Another sharing model allows private car owners to become drivers and ferry passengers around – unlocking money-making opportunities for an otherwise underutilised asset. The platform earns by charging passengers a fee and the driver is paid by the platform depending on the amount of fares the driver picks up.

Common to these types of sharing economy platforms is hosts and drivers must own the residential property or vehicle that is being shared and be responsible for their own expenses. As the platform treats both property owners and drivers as independent contractors, owners and drivers are responsible for paying taxes from the income derived from utilising the platform.

Involvement in sharing economy platforms does expose participants to some moral hazards. The risk that a party to a transaction has not entered the transaction in good faith is one such example. As such, the success of sharing economy businesses is underpinned by the building of trust by employing a communal rating or review system.

The idea of sharing resources is innovative and arguably boosts efficiencies and offers alternative resources. Yet when carried out on a large scale, it may incur social and economic costs and may result in the violation of laws which were enacted to protect against the incurrence of such costs in the first place.

Sharing accommodation

In many countries, only licensed hotels are allowed to provide short-term rentals and there is a general prohibition against the short-term renting out of private residences. In addition, hotels are required to charge an occupancy or hotel tax to lodgers, but private home owners are not expressly required to do so.

In Singapore, the minimum short-term rental period is three consecutive months. In other countries, it can range from 30 days to no more than 120 days in a year.

Short-term rental of private residences is prohibited because such properties are located in areas planned and zoned only for residential purposes and are not planned to accommodate the disruptions caused by tourism, such as crowding, noise and pollution.

Private residences also lack the requisite fire and safety regulations and inspections that licensed hotels are subject to in order to ensure the safety of occupants.

In addition, it is speculated, that by converting into short-term rentals of properties which would ordinarily have been intended for long-term rentals, this would reduce the long-term rentals supply, thus raising rental prices in the long-term rental market. This could be socially and economically detrimental, especially in a market where property prices are on the rise and more people may be forced to rent instead of buy property.

Sharing transportation

In many countries, the provision of public transportation utilising motorcars is carried out only by licensed taxi operators. All taxis are generally required to be insured and the conduct of taxi drivers is also regulated to protect passengers.

Before becoming a taxi driver in Singapore, one is subject to both health and background screenings, must be able to speak and read basic English and undergo a training course of about 25 hours and pass three test papers. Drivers are also subject to a regulatory framework that governs their conduct and discipline.

When car sharing business platforms first began operating around the world, the business went on unregulated and their drivers did not have to comply with the regulations imposed on taxi drivers. Concerns were raised about the level of training of such private hire vehicle drivers, whether sufficient background checks were made, and the unfair competition it created for taxi drivers due to uneven regulation.

Many countries have since updated their laws to allow car sharing platforms to operate by regulating their activities through laws similar to those that regulate taxi companies albeit on a less stringent basis.

Yet there are other countries that still ban the operation of such sharing platforms until they follow the regulations set for taxi operators as they believe that such standards must be followed in order to accord proper protection for consumers and permit fair competition to taxi operators.

Regulating innovation

Not all sharing platforms ensured that their business models or operations were fully compliant with the laws of the countries in which they operate before commencing business.

Perhaps due to the successes they achieved in pushing technological boundaries and financial incentives given to risk legal violations, such sharing platforms grew accustomed to and adopted the same approach when it came to assessing and pushing legal boundaries.

When concerns and criticisms from the community and regulators mounted, instead of seeking engagement and compliance, some of these platforms went on the offensive by lobbying for laws to be changed to accommodate their business models and in some cases even initiating legal proceedings against local authorities.

Despite the disruptions, governments around the world recognise the need to not stifle innovation and try hard to find a balance – making sure established businesses are not punished for complying with regulations and that new sharing economy businesses are not punished for innovating.

In Singapore, regulators have allowed car sharing platforms to operate provided that drivers register themselves, attend a 10-hour training course, and are open to health and background screenings and a demerit point discipline system. As for sharing accommodation, Singapore regulators are currently studying and consulting with the public on the proposal to permit private residences to be used for short-term accommodation, subject to conditions, including requiring the licensing of platform operators, requiring home owners to apply for approval for such use and only approving applications when there is minimal erosion of residential amenity and character of the housing estate.

Sustainable innovation

Profitability is derived from serving a community through the provision of products and services. Sustainability of that profit must therefore involve sustaining that community. It is increasingly clear that long-term success in the sharing economy industry requires its players to adopt and demonstrate more responsible behaviour and higher self-governance in their businesses.

The directors of such sharing economy businesses must accept that the businesses they operate owe obligations to stakeholders beyond just the company and its shareholders. They need to identify other key stakeholders, like customers, employees, and the community, and ensure that the obligations owed to these stakeholders are understood and met.

Sharing economy businesses have to voluntarily engage regulators and policymakers early on in the process, sharing with them their market entry and business conduct strategies and being upfront and honest with the impact that their businesses may have on stakeholders and coming up with appropriate solutions.

Equally, regulators and policymakers should adopt a more entrenched culture of appreciation, rather than apprehension, towards innovation. They should look out for new technologies even before they are publicly released, in order to have better foresight about the consequences of such technologies and formulate concordant solutions, thus ensuring sustainable innovation without harming existing interests. ■

Going Global for Singapore Companies

By **SHIRLEY LAM**

Many Singapore companies, driven by globalisation, are expanding their operations beyond the city state. However, charting a path in regional and global territories requires a well thought out business strategy; tapping on available resources can also increase the company's chance at success.

In recent years, many Singapore companies, including ambitious startups, have been looking overseas to expand their businesses and operations. They wish to take advantage of the many opportunities that globalisation has opened up for them.

Looking out of Singapore

The National Business Survey 2017/18 by the Singapore Business Federation reported that 83 per cent of Singapore companies have expanded overseas compared to just 56 per cent the year before. Southeast Asia is the preferred region for expansion by 69 per cent of those companies.

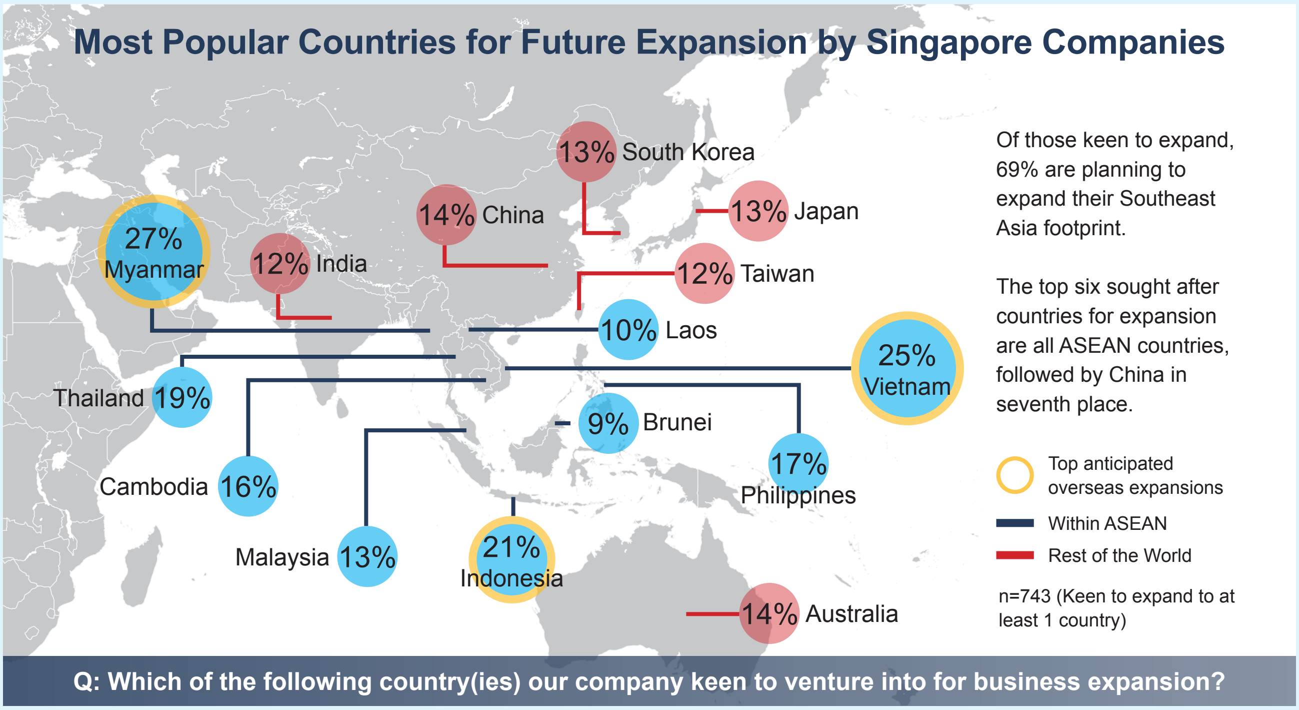
Half of the companies surveyed, especially those already doing business in the region, consider venturing deeper into ASEAN, (see box, "Most Popular Countries for Future Expansion by Singapore Companies").

Strong Government Support

One distinct advantage that Singapore companies have is the excellent support they receive from the government and its agencies. On 1 April 2018, International Enterprise (IE) Singapore and SPRING came together as a single agency to form Enterprise Singapore. The one-stop state agency champions enterprise development, offering programmes, grants and other support to companies that want to internationalise.

IE Singapore focused on trade promotion and helping local companies go global. It worked with companies in various stages of their plans, providing them with the necessary support and connections in both developed and emerging markets. In 2016, IE Singapore secured more than 450 deals around the world, the bulk of which were in China and Southeast Asia, and gave broad-based assistance to close to 30,000 local small and medium-sized enterprises (SMEs). That same year saw IE Singapore giving a total of S$73.4 million in grants to more than 10,000 companies.

Earlier this year, the Singapore government introduced a new Enterprise Development Grant,



which provides up to 70 per cent co-funding and more holistic and customised support to local enterprises seeking to scale up and internationalise. A Double Tax Deduction for Internationalisation was also introduced.

Why companies fail

In the National Business Survey, companies rated the following as the top five challenges they faced when internationalising:

1. Compliance issues .
2. Market knowledge and information .
3. Financing the overseas expansion.
4. Unclear/non-transparent rules and regulations.
5. Customs-related issues.

As can be seen, four of the five are research or information-centric challenges.

Indeed, when overseas ventures fail, it is usually not due to a dearth in capital, support or advice, but to a lack of understanding of cross-cultural differences, business practices, customer demand and, to a large extent, a gap in diverse talent to support the expansion ambitions. These companies often fail to invest enough in research to understand new markets and assume that what worked for them domestically would also work overseas.

A common trait found in many failed efforts is the lack of recognition of the importance of cultural differences and the customisation of products or services to suit the needs and preferences of the foreign markets. An example of the former is the group-buying deals site Groupon, which forayed into the Chinese market pre its IPO and ran its operations managed mostly by foreign managers. Moreover, the company adopted marketing tactics that Chinese consumers were not familiar with or accustomed to. Because of the lack of understanding of the local practices and nuances, the company ended up having to close more than 10 of its locations and letting go of hundreds of staff.

Customisation is also essential. The value proposition of a product or how customers perceive it in one market may not necessarily be the same as in another. For example, pork jerky may be a much-desired delicacy in many Asian countries but there will be limited demand in an Muslim-majority country such as Indonesia. One local company that has understood and applied this principle well is BreadTalk. The bakery chain adapts its product offerings in each market to suit local tastes and requirements and its pricing also differs depending on the market's purchasing power.

Separately, as companies internationalise, they will need to support employees in adapting to the foreign cultures and transformations – technology, processes and operations among others – and most importantly, in coping with the complexities that expansions bring.

There are also tools that companies can leverage to ascertain the readiness of their internal capabilities that are critical to their overseas success.

Apart from training, having a diverse workforce has also proven to be a key success factor, as it spurs creativity and stimulates innovation among employees.

Characteristics of winning companies

Companies bold enough to expand overseas are often those that have achieved a certain level of domestic success. The "Singapore

Singapore Success Stories

Tat Hong Holdings Ltd

Tat Hong started as a small battery and tyre shop in 1958 and grew into a powerful crane and construction equipment operator, employing over 5,000 and operating throughout the Asia Pacific region.

Founder Ng Chwee Cheng, 85, has passed on the reins of the company to his son, Roland, who today leads the management. Roland attributes the company's success to his father's steadfast principles of integrity, quality, and reliability, as well as his prudence in the management of resources, strategic thinking and timely implementation of those strategies.

Once it had established itself in Singapore, the company took its first step abroad into Malaysia in 1983, as they found the business culture similar to that back home. Nine years later, Tat Hong expanded to Hong Kong. Since then, Tat Hong has been listed on both the Australian Securities Exchange and the Singapore Exchange. To date, the company has operations in 10 countries.

Tat Hong plans to leverage the Belt and Road Initiative, for which it is poised to do well.

Changi Airports International (CAI)

Who would have thought in 1981 that Singapore's new Changi Airport would become one of the world's best and busiest airports today. It has also never stopped developing; Jewel Changi Airport and Terminal 5 will be operational in the next few years. Equally interesting is how CAI applies its knowledge and expertise to be successful in the airport business.

CAI was incorporated in 2004 and since then, its airport management consultants have been designing integrated solutions that have helped airports around the world to achieve world-class recognition. One of the more notable airports managed and operated by CAI is the King Fahd Airport in Dammam, Saudi Arabia.

CAI's disciplined and highly successful investment strategy speaks for itself and proves how it has been able to establish itself as top of its class.

Success Stories" box features briefly two examples of companies that have successfully internationalised.

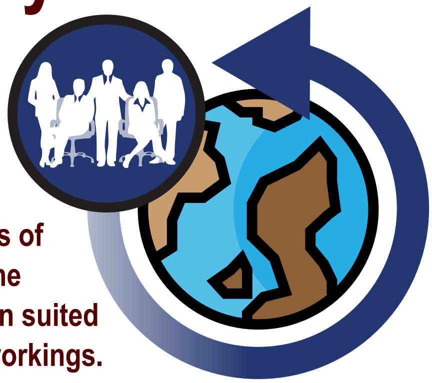
While there is no magic formula to guarantee the success of companies looking to grow internationally, the triumphs and errors of other businesses can provide many useful lessons they can learn from.

And a mindset shift from local to global will, more often than not, lead companies that much closer to international success. ■

Shirley Lam is a member of SID's Branding & Communications Committee and senior vice president of public affairs at an international bank. The views and opinions expressed in the article are solely the author's and do not purport to reflect the views and opinions of the author's company and its management.

Is Internationalisation the Way for All Family Businesses?

By **NG SIEW QUAN**



Many family businesses in Singapore have been drawn to the prospects of internationalisation as a growth driver, cognisant of the limitations of the domestic market. However, whether a family business is ready – or even suited for expansion – warrants a close examination of the company's inner workings.

The reality is that some family businesses are intrinsically "communal" and integrated with local society. They are focused on providing Singaporeans with day-to-day products and services. Some examples include neighbourhood provision shops, bakeries and hawker stalls. For these businesses, their business models and competitive strengths have been attuned through years of experience operating domestically. They recognise the risks of operating overseas and have no appetite to internationalise.

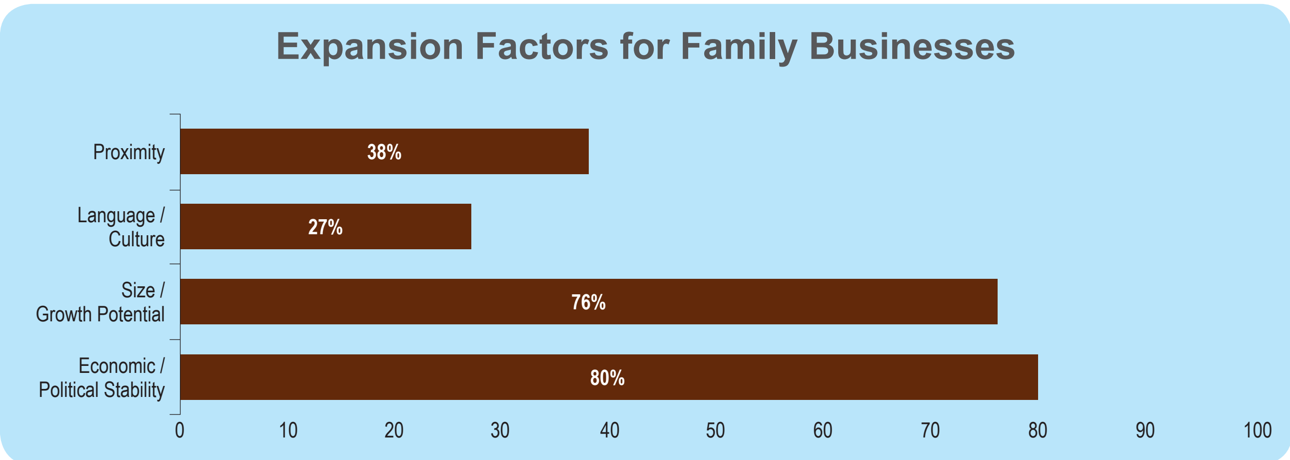
Regardless, these family businesses must still innovate in order to remain competitive and evolve alongside the community to stay relevant. To progressively offer higher value-added services, they must continually deepen the skills of, or reskill, their employees, and think about tapping on technology to, for example, increase productivity and balance supply and demand.

An example of a local business that has progressed is bakery chain, Swee Heng, which launched in 2017 a state-of-the-art factory that houses a central kitchen and a research and development division.

Going global

There are, of course, family businesses that are poised for growth and waiting for the opportunity to expand beyond the island. A PWC 2016 Survey showed that the destination country's economic and political stability, as well as market size and growth potential are key factors companies need to look at to determine which markets they should expand to (see chart, "Expansion Factors for Family Businesses").

To succeed overseas, family businesses need to demonstrate what kind of value they are providing to their potential customers, because bearing the



Source: PwC Global Family Business Survey 2016, The Missing Middle: Bridging the strategy gap in family firms.

Singapore stamp and rehashing the local market formula will not be enough.

It is critical that businesses tailor their approach to each and every market they wish to venture into. In cases where the market is fragmented, banding with others (e.g. through mergers and acquisitions or joint ventures) may be the way to go, and this is something that owners have to be open to. The intention is for businesses to "hunt as a pack" as opposed to entering a new market on their own.

Local security firm Ademco Security Group's expansion entailed establishing joint venture partnerships with leading local companies, allowing them to achieve a regional presence in more than 20 cities across Asia over 15 years.

Preparing for expansion

There are also few fundamental issues that family businesses should consider before embarking on their expansion plans.

Apart from obvious matters like assessing markets, ensuring compliance with local laws and regulations, and understanding the time cost of travel, family business owners should pay attention to their management bandwidth and be realistic about investment horizons.

Most family businesses encounter manpower restraints, particularly at the management level. A strong bench of leaders and leaders-in-waiting is necessary for businesses to succeed in both their local and overseas ventures.

Additionally, the payback period for overseas investments tends to be at least three years, so owners not only need to weigh the necessary resource commitment but also be resilient in the likelihood that they need to "wait it out". When in doubt, family businesses should seek advice. Trade associations, business networks, and even local partners can provide valuable information on the viability of potential expansion plans.

Objectives and entrepreneurial instincts also need to be balanced. Decisions on internationalisation can be powerfully influenced by the advocacy of a single person, especially if that person happens to be the boss. Granted, an entrepreneur's instincts are vital for growth and can make all the difference, particularly in the early stages.

But advocacy alone is not sufficient, discipline has to be instilled from the onset. In preparing to internationalise, housekeeping is necessary to ensure that the company's affairs are in order. Finances should be scrutinised and cleaned up, inventories and debtors closely monitored, and a track record of prudent financial management should be established. Informal business arrangements must be replaced with contracts. This applies not only to customers, but also to employees, agents, and the owner's transactions with the company.

Having one's house in order allows for more reliable monitoring as the business expands. For internationalisation to work, strategy cannot merely constitute broad strokes. Some degree of granularity is required such that management has a common vision of how to go about achieving the internationalisation objectives.

Ultimately, management has to be able to translate the owner's vision into actionable, tactical steps, which the organisation's resources can then be directed to for maximum effectiveness. Business owners have to recognise that it is no longer feasible to manage by "walking around". They will have to rely on robust policies and rigorous processes in order to scale internationally.

Expanding overseas can be a huge step forward for family businesses. As with any major decision, it takes meticulous planning. Family businesses have unique qualities which can work to their benefit, whether they choose to remain in Singapore or expand overseas. Either way, they will have to recognise and capitalise on their strengths, while managing the risks that come. ■

Can a Local Company Trump a Global Giant?

By
NITIN PANGARKAR
Associate Professor, NUS Business School, National University of Singapore

A local company competing with a global rival does not necessarily spell doom. Through choice of playing in certain industries and cultivation of deep skills, a local rival can give itself a good chance of succeeding.

The issue of competition between a large global player and a geographically focused (such as regional or single-country) rival has caught the imagination of many scholars and analysts alike for several decades.

The shared transport (or ride-hailing) industry in Southeast Asia is a good example of how this dynamic can play out. The key question that comes out of it is: how can a local player hope to compete effectively with a global rival?

David versus Goliath?

In the well-publicised case of Grab and Uber, many analysts have been impressed by how Grab, a strong player in several Southeast Asian countries but a small one globally, has beaten Uber. One could conclude that being a home-grown player proved advantageous for Grab as it has adapted well to the local context.

I believe that the story is more complicated; the Grab and Uber competition has its peculiarities. For instance, Grab benefits from digging into the deep pockets of international companies such as China's Didi and Japan's Softbank. Hence, though Grab must be applauded for being a very dynamic player that has rapidly expanded its product range and geographic reach within Southeast Asia, its connection to rich backers is a luxury that many local players in less trendy sectors do not have.

So, can a local player without substantial financial support hope to compete with larger, global rivals? The short answer to that question is a qualified "yes", provided certain conditions are met.

Relative advantages

Being a large global player carries with it several advantages. These include having an edge over local and regional competitors in terms of size, economies of scale, resources, capital, experienced management and brand identity and technology (that can be typically accessed at low cost from the parent), among others.

On the other hand, superior knowledge of the local environment, agility because of its smaller size, and closeness to the market are among the few advantages available to local players.

A local player can effectively compete with a global rival under a combination of two broad sets of circumstances: the industry context is favourable to the local player, and the local player has cultivated deep skills to exploit the environmental opportunities effectively.

Let us briefly discuss each of these issues.

Industry characteristics

Any industry is subject to two key opposing forces: globalising forces and localising forces.

Globalising forces bestow advantages on a global player and are typically economic in nature, such as high investment requirement for an industry that cannot be undertaken by a local or regional player. A local player will find it extremely difficult to compete globally in aircraft manufacturing, for instance.

Localising forces, on the other hand, neutralise the advantages a global player has and sometimes even confer those advantages on a local player. Localising forces tend to be cultural (e.g. our habits in terms of what and how we consume) and/or political (e.g. regulations).

A local player therefore has a better chance of beating a global rival when the localising cultural and regulatory forces in the industry (or its chosen segment) are strong. This is illustrated in the chart, "Success Implications of Industry Characteristics" which identifies different zones and the likely success that local firms can have in each zone.

But, simply having a fertile environment is no guarantee of success. A local player must adopt strategies that will help it build the appropriate deep skills to support them, so that it can edge out its competition.

When David beats Goliath

Jollibee Foods from the Philippines is an excellent illustration of a local player that has taken on a global rival (McDonald's) and won.

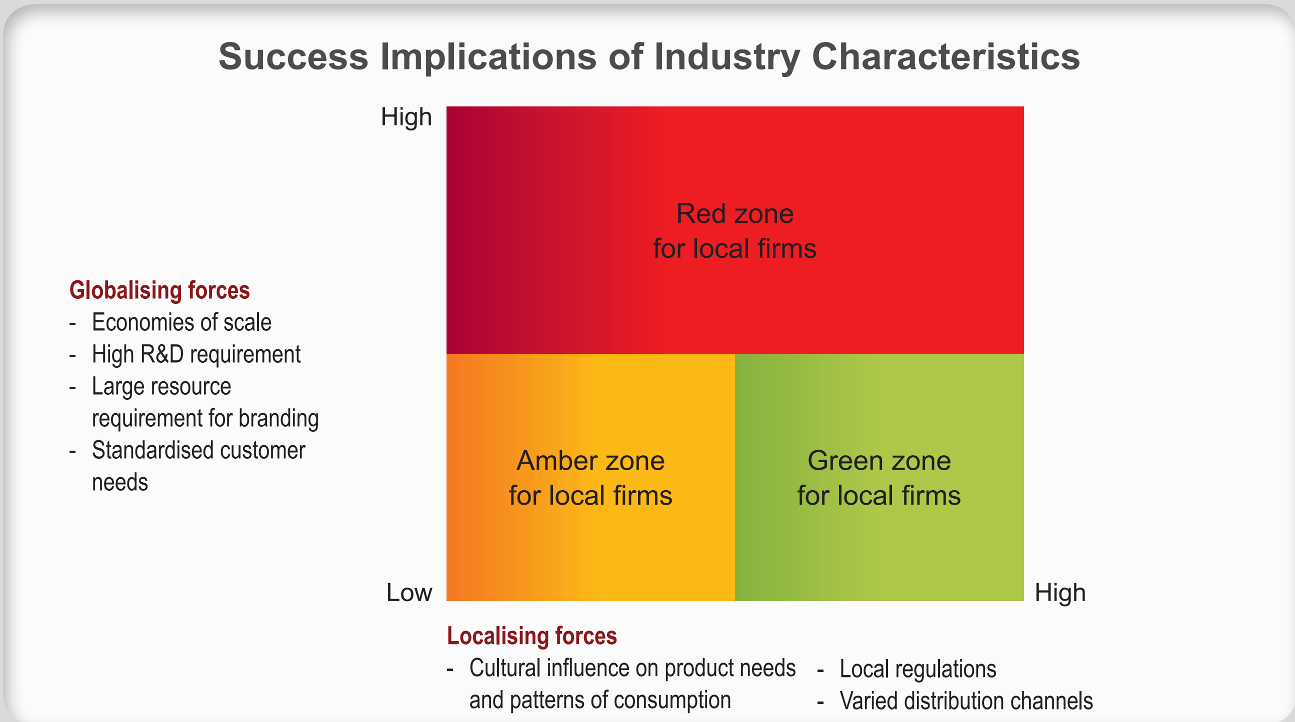
When the political turmoil surrounding the Aquino assassination in 1983 made McDonald's reconsider its expansion plans in the Philippines, Jollibee seized the opportunity with a multi-pronged strategy.

It adapted its product – a bigger burger with a spicier taste, which was preferred by Filipinos over McDonald's much less spicier option. It rapidly expanded its number of stores – many of which were in prime locations – which was made possible through the connections of the founding Tan family. It established an organisation that was fun to work for, thus attracting good employees. On top of that, it consistently delivered high quality service.

By the time the political dust in the Philippines settled and McDonald's considered expansion again, Jollibee had such a strong foothold in the market that McDonald's gave up on the idea of challenging it in the Philippines.

In Singapore, Asia Pacific Breweries (APB) managed to carve a strong market position for itself too.

Though APB was incorporated as a joint venture between Heineken and Fraser and Neave in 1931, other than licensing its key brand (Heineken) for sale in Southeast Asia, Heineken mostly adopted a hands-off strategy towards APB for several decades.



The local management of APB implemented a number of strategies that included starting and nurturing the Tiger and Anchor brands, building an expansive network (in food outlets) to distribute those brands and developing strong brewing expertise, which won it several international awards. The fact that beer consumption patterns were different in Singapore (in food courts and restaurants rather than at home) enhanced the value of APB's strategy of focusing on intensive distribution.

Over time, APB adopted similar strategies in many Asian countries where its superior knowledge of the market environments enabled it to have significant clout. In fact, today, Indo-China accounts for a larger proportion of APB's revenues (and possibly profits) than Singapore. APB's regional success made it so attractive that Heineken converted APB into a wholly owned subsidiary in 2012.

There are many other local success stories, especially in retail where local players tend to flourish.

NTUC FairPrice, which has adapted its product mix to appeal to the Singapore heartlands, while also pursuing strategies such as cost leadership and aggressive store expansion, serves as an excellent example.

The Hour Glass, a luxury watch retailer, has also competed effectively with global and vertically-integrated players such as Richemont by leveraging its connections with wealthy Asian customers and giving its boutiques a distinct appearance and personality (e.g. its Malmaison by The Hour Glass emporium on Orchard Road), versus the standardised boutiques commonly seen of global companies.

While The Hour Glass has enjoyed some success in regional markets, it did experience setbacks in countries such as the United States, suggesting that its formula may only work regionally, rather than globally.

Building deep skills

So, what does this all mean for the competition between local and global firms?

Contrary to common perception, being large global is not necessarily advantageous in every sector. Nor are local firms doomed when they compete head-to-head with global giants.

But, to compete effectively in spite of their resource disadvantage, local players must follow a three-part formula:

1. Choose industries where localising forces are strong, like APB, Jollibee and The Hour Glass did so wisely.

2. Devise a winning strategy that is distinct from that of the global rival(s).

3. Cultivate the deep skills to support the pursuit of the chosen strategy. Jollibee is a good example of a company that cultivated skills in restaurant management and provides excellent service, which won it many awards in the Philippines.

The company's leadership must set a clear vision of what the company aims to become while avoiding the temptations of going beyond its competencies.

There is no doubt that interactions between local firms and global rivals can yield varied results but with the right strategies, local companies stand a good chance to triumph against global competitors. ■

Dear Mr Sid

Disruptive international directors

I am a non-executive director of a medium-sized manufacturing company that, until recently, was entirely Singapore-focused. We built here, and we sold here. We had steady growth and reliable profitability. And we had the perfect board.

We directors knew one another well. We liked and had confidence in one another. There was never any discord, and we would usually hit the golf course after a couple of hours of the board meetings.

And then a year ago, we decided to build a factory in China, and broaden our sales efforts into Asia and North America. I was personally quite uneasy about the decision at the time but I held my peace.

Because of the change in strategy, our chairman, at the urging of the controlling shareholder, decided to bring on the board two new directors: a New Yorker and a mainland Chinese from Guangzhou. And that's when our problems began.

First, the New Yorker. He always has a thousand questions. He wants to know the details of sales and expenses, and compliance and back office stuff. He gives the impression that he does not trust the management team, many of whom have been with the company for decades.

What's more, his style is quite blunt. The atmosphere in the boardroom has changed – from convivial to rather tense. Worst of all, the meetings now drag on for hours. Last week, we could not even finish nine holes before dark.

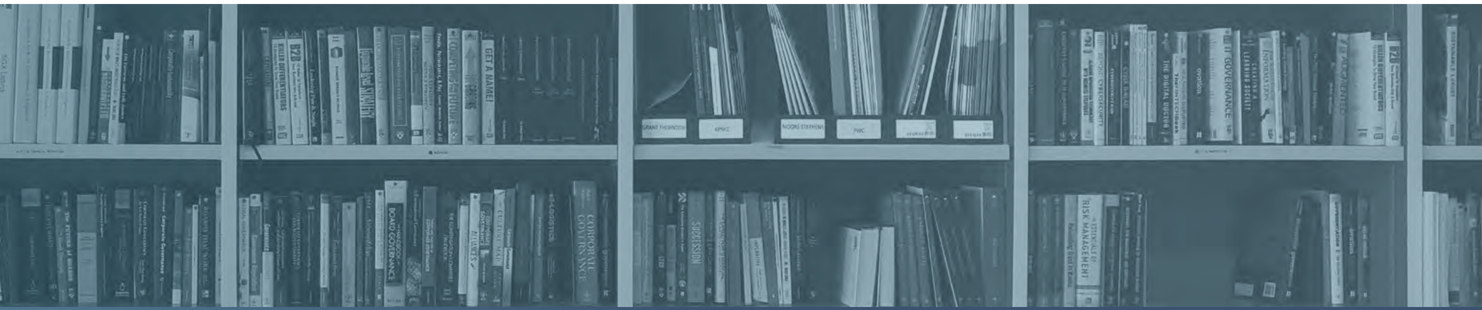
In contrast, our Chinese director contributes very little to the discussions, but I recently discovered that he likes to talk to the chairman in private afterwards, which is making the rest of us feel rather uneasy.

Our boardroom culture used to be built on trust, but thanks to going international, our meetings now seem to be focused on distrust. My view is that we would have been better off sticking to our domestic markets in the first place. Be as it may, I think we should stick to our fully harmonious Singaporean board and, instead, rely on consultants familiar in those international markets to advise us.

I am a member of the Exco and NC and can use that position to effect board changes. How do you think I can best go about doing so?

Yours sincerely

Missing-the-old-days



Dear Missing-the-old-days

Your questions concern three separate but related matters: strategy, board diversity and board dynamics.

Strategy

The strategic direction of the company is a matter for the board to set.

The board decided to go international over a year ago. You (and the other directors) should have expressed any reservations then and influenced the decision accordingly.

While it is never too late to revisit a strategy that has gone awry, you have not indicated if the experience to date suggests the company should not have expanded into the Asian and North American markets and set up a plant in China.

The matter of two international directors whom you think are causing the board to be dysfunctional should be treated separately from the board's decision on its geography of operations.

If you have concerns about the business and operational aspects of going beyond the domestic market, you should raise this with your fellow directors and have the company's strategy adjusted accordingly.

Board diversity

You have not described the board composition. However, it appears that the current board, discounting the two international directors, is homogenous and long-serving: you are all Singaporeans who know each other, you enjoy each other's company, and you dine and play golf together. In other words, the board (without the two new directors) is not very diverse.

Diversity is regarded as a key ingredient of an effective board. It reduces groupthink and uncritical conformity. It ensures fresh and different perspectives are brought to bear on board decisions.

Your board meetings have been short, suggesting that you reach agreement quickly on matters. However, constructive contention, which generally takes more time, does lead to better informed decision-making. Who knows? With greater debate, the decision to internationalise may not have taken place.

There are, of course, many aspects of board diversity: skills, age, gender, ethnicity, geography and, even, tenure.

Clearly, the two new directors add geographic diversity. However, as a member of the NC, it might be worthwhile for you to consider other aspects of diversity on the board as members of the board are progressively renewed.

Board dynamics

While conventional wisdom states that diversity improves board performance for the reasons stated above, behavioural studies also show that this is not always the case. Diversity can, in fact, create or accentuate fault lines that impair communication and cooperation.

That appears to be the case here. The issue is not that your new appointments are international directors, but rather they are strikingly different from the other members.

However, good board dynamics do not necessarily result from a homogenous board either. There are socio-psychological factors that impact the interactions and relationships between directors.

In general, a board with good dynamics identifies with organisational values. Directors understand the individuality of their fellow directors even as they constructively debate their points of views.

Working together

The challenge for any board – in particular, a diverse board such as yours – is to find ways in which all members can work harmoniously to positively contribute.

This responsibility falls on the shoulders of each director, albeit in different ways.

The international directors need to be more conscious of their backgrounds. Their value is that they not only add to the diversity quotient, they also think like outsiders (a significant value for constructive contention) and will thus help the board think more objectively.

At the same time, international directors need to be aware that they are outsiders, at least at the start, and that to be effective on the board, they need to be mindful of the following:

- **Culture.** They should take the time to understand and be sensitive to the local and corporate cultures in which they are operating. For the American, he should understand that his style may be too abrasive and he should consciously seek to tone it down. For the Chinese, he needs to realise that the board and his fellow directors would appreciate more openness on his part.
- **Context.** Business operations can differ in different regions. What is best practices in one location may not work well in another. The international directors ought to learn these contexts not just through interactions on the board (and thus possibly irritate other directors with endless questions), but also by actively seeking out briefings from management and other external courses.
- **Concerns.** A trap that some new (not just international) directors fall into is to provide a laundry list of all the things they think are wrong. This seems to be what the American director is doing. First, the list may not be correct because he has not fully understood the organisational context. Secondly, he could be overwhelming the board and management with observations that should first have been scrubbed and prioritised.

All directors have a duty to help new directors integrate and be effective. For the Singaporean directors on your board, this also means being aware of the differences and backgrounds of each new director – not just the international directors – when they join.

Chief among the local directors is the board chairman. He should make a deliberate effort to counsel both new and current directors on how they can better contribute to good board interactions. In the board discussions, he should seek to contain the American while drawing out the Chinese. He could specifically bring out some of the points that the Chinese raised in the private sessions with him.

Taking action

What then, can you do as a director and, in particular, as an NC member, to ensure that the board dynamics are healthy? I have several suggestions.

First, share with the board chairman and NC chairman, the issues of boardroom dynamics and work with them to resolve the situation. Individual directors, including the international and existing directors, need to be counselled by the board and/or NC chairman about the points raised above.

The NC could consider educating directors on the importance of achieving good board dynamics, and how this can be achieved. SID, for example, has courses in this area.

The NC should also use the annual board evaluation performance exercise to obtain feedback on how board dynamics can be further improved. It could use 360-degree feedback tools to identify areas for improvement for each director. In addition, the board can engage external consultants to provide feedback and team coaching.

Increasing social interactions of the board members will also help. You already have your golf games. Invite the new directors. It is always a good idea to blend social interactions with substantive discussions at board luncheons, dinners and retreats.

Finally, when the NC selects new board directors, it should look beyond qualifications such as skills, to consider personalities and characters that resonate with the company's culture. At the same time, you should not just be looking for someone who is simply collegial but also one who is willing to express his views without fear of reprisal, or to win favour.

Collectively, these actions can not only help make your board more harmonious but also more effective.

Yours sincerely

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 2.8: Diversity

Section 4.4: Strategy

Section 6.2: Board Dynamics

Nominating Committee Guide

Section 3.5 Board Diversity

Boardroom Matters

Vol 1, Chapter 30: "Board Diversity: The International Perspective" by Tan Yen Yen

Vol 2, Chapter 11: "Setting the Right Board Culture" by Philip Forrest

Vol 2, Chapter 12: "The Importance of Evaluating the Board" by Philip Forrest

Vol 3, Chapter 30: "Dealing with Diversity Fault Lines" by Eugene Kang

SID Bulletin

2017 Q2: "Power Play in the Boardroom" by Mike Gray

2017 Q4: "Disconnects on Diversity" by Eugene Kang

Becoming a More Effective International Director

By **LIM CHIN HU**
Former Council member, SID

EXPANDING HORIZONS

One way in which directors sitting on international boards can take their capabilities to the next level is to partake of the INSEAD-SID International Directors Progamme. It helps directors refresh their decision-making processes and build up their professional networks, connecting them to like-minded individuals from other industries across the globe.

I have had the privilege of serving as an independent director on several listed boards in the US, Australia, Thailand as well as Singapore.

Being on the boards of international companies can be challenging. To start, this usually involves organisations with operations spread across multiple countries, which means having to understand and deal with different cultures and jurisdictions.

An effective director needs to stay engaged, agile, strategic and always ready to learn. For an international director, there is a real and pressing need to keep up-to-date with best practices in corporate governance and industry benchmarks around the world. Specific regulations and standards which affect how business is conducted may vary by country. Directors with knowledge of different business cultures, protocols and key influences can smoothen the way for business expansion, and in some cases, prevent costly mistakes.

This is where professional development courses and networking resources can help refresh our knowledge and skillsets, especially in today's dynamic and global business environment. Having been as a past council member of SID, I am fully appreciative of the wide range of professional training courses and seminars it organises to meet the varied needs of directors.

The International Directors Programme (IDP), conducted by INSEAD and brought to Asia by SID, is a great fit for me in this regard. As I was serving on international boards, I decided to invest the time to attend the first run of the IDP here in 2014.

I found that the programme offers an advanced treatment of boardroom issues and goes beyond compliance to focus on excellence in board practice in an international setting.

Real-life case studies

One of the key strengths of the programme is that it is very practice oriented. We were introduced to practical and tested frameworks which were then applied to case studies. During the course, we were encouraged to take a step back and re-evaluate our decision-making processes. This helps broaden our perspectives to the different ways of addressing issues, and offers a more thoughtful and effective approach to problem-solving, and especially when a company is in crisis mode.

The case studies are structured to bring out the different environments that boards operate in, through different parts of the world. In one of the case studies, we discovered how certain cultural

International Directors Programme

The IDP consists of three modules of three days each as follows:

1. Board effectiveness and dynamics (19-22 Jun 2018, Singapore)
2. Board decision-making and oversight (24-26 Sep 2018, Fontainebleau France)
3. Director effectiveness and development (11-13 Dec 2018, Singapore)

Participants are eligible for the INSEAD Certificate in Corporate Governance, the first truly international qualification for board members from an academic institution.

For 2019 dates and further information, please email PD-advance@sid.org.sg

and contextual issues come into play in Japan and France, for instance. As the scenarios were played out, we experienced the different nuances in terms of the way companies in those countries are structured and run. This wide-ranging focus helps bring to life and highlights the subtle distinctions that may not be easily communicated otherwise.

Even more importantly, the debates that took place in the classroom tend to focus on the challenges directors grapple with. With the guidance of the professors, we were able to systematically explore these issues in a "sandbox" environment, as it were, and discuss possible solutions. Many of us found it useful to take back some of the insights gained and to use the tools and frameworks to guide our decision-making processes when we are back in the boardroom.

Diverse cultural backgrounds

Set within an international context that is unique in director education, the course participants come from all over the world. For my course, we had directors from Asia, Australia, New Zealand, the Middle East, South Africa, Europe and the UK. We even had one participant from South America. This widened the scope of sharing views and experiences, and provided a global perspective to the challenges facing those of us sitting on international boards.

The diverse backgrounds of course participants also offer a great opportunity to build an international peer network. The class size is relatively small, to encourage discussion and meaningful exchanges.

It was also useful that the course was conducted at INSEAD's campus in Singapore as well as Fontainbleau in France. The diverse settings and exposure to faculty and guest speakers from those locations added to the learning.

I felt that the quality of teaching was extremely high. Many of INSEAD's professors are sitting directors on boards, have authored books, and dealt with boardroom issues first-hand. They are also able to draw on the research of INSEAD's Corporate Governance Centre. In addition, with the network of business and professional connections of SID, we had insider sharing and insights from several top-notch guest speakers.

All in, the IDP has helped me and the other participants bring a more open and diverse mindset to the board, adding new and different perspectives to enhance our boards' deliberation and problem-solving. ■

A Field Day for Women Directors

The occasion might have been the launch of the Singapore results of the ASEAN Corporate Governance Scorecard 2018, but women directors and the issue of gender diversity in boardrooms dominated the event.

More than 250 people packed the ballroom at the Marina Mandarin Hotel on 3 April 2018 for the presentation of the ASEAN Corporate Governance Scorecard Singapore country report. Ms Grace Fu, Minister for Culture, Community and Youth was the guest-of-honour at the event.

With the help of SID's own super hero, SuperSid and accompanied by representatives from SID, Board Agender and Accenture, Ms Fu also launched the book, *Women on Board: Making a Real Difference*.

The SID publication is a collaboration with BoardAgender and supported by Accenture. Highlighting a diverse range of talents and professions, the collection of stories on gender diversity in the boardroom and nonprofit world features the directorship journeys of 24 women directors.

Associate Professor Lawrence Loh presented the Singapore country report of the Scorecard, highlighting trends in corporate governance performance over the years. The 2018 results are based on Singapore companies' performance as assessed in 2017.

Six awards were presented to select companies to recognise their excellence in corporate governance based on the Scorecard. Singapore Telecommunications (Singtel) received the top achiever accolade, topping the rankings since 2013.

Singtel was also recognised, along with DBS Group Holdings and Singapore Exchange, for its achievements in board diversity. Board diversity being one of the vital board composition components the Scorecard assesses, one of the criteria considers if companies have female independent directors and disclose a detailed board diversity policy.

United Overseas Bank (UOB) and Olam International won the inaugural outstanding progress award for most improved performance. Both companies broke into the top 10 rankings for the first time.

A panel of distinguished speakers and champions of corporate governance and board diversity – Mr Simon Israel, Ms Lim Hwee Hua, Mr John Lim, Ms Wong Su-Yen – was moderated by Mr Philip Forrest, Council member of SID.

Questions from the audience came thick and fast, contributing to a lively discussion, especially on the topic of gender diversity and quotas.

Getting Gender Diversity on Board

"In today's rapidly evolving business landscape, a gender-diverse board with a wide range of talents, background and experience is no longer a good-to-have but a must-have.

First, Singapore is facing demographic challenges and a high demand for labour. To sustain your business, you need manpower strategies to help recruit and retain your talents, including female employees.

Second, workplace gender and sexual discrimination have come to the forefront in recent years. It is now imperative for every company to have fair policies and practices.

Third, women are a key consumer group you must engage. You will need female perspectives on your board to guide you in customer engagement.

I am glad that many of you who are receiving awards today for scoring well in the ASEAN Corporate Governance Scorecard, are also leading the way in promoting board gender diversity. But there is still much room for improvement. The Scorecard highlighted that about six in 10 of the top 100 listed companies do not have any female board directors, and three in 10 have just one."

Ms Grace Fu
Minister for Culture, Community and Youth

"Diversity is not an empty catchphrase. In today's competitive global arena, successful companies capitalise on diversity and inclusion as a source of competitive advantage. Boards have a key role to play in setting the right tone and 'walking the talk'.

When a company has a diverse board, positive results are more likely to follow. Market participants in Singapore realise this. Feedback from the public consultation by the Corporate Governance Council demonstrates strong support for diversity - diversity in terms of skills, knowledge, experience, age and gender."

Mr Ng Yao Loong
Executive Director, MAS

SuperSid launching *Women on Board* book with (from left to right) Ng Wee Wei (Managing Director, Health & Public Service, ASEAN, Accenture), Minister Grace Fu, Willie Cheng (Chairman, SID), Junie Foo (Founder, BoardAgender).

"A common response by nominating committees on the low number of women – or no women – on their boards is that they cannot find a suitable woman. Well, at SID, we have more than enough female members to each take one listed board seat at the 370 all-male listed boards – and still have more to spare.

Suitability is, of course, in the eyes of the beholding nominating committee – who can be beholden to practices of the old boys club. To help debunk the notion that women are not suitable, we embarked on this book to showcase 24 women directors around 12 boardroom themes."

Mr Willie Cheng
Chair, SID

"The current proportion of women on boards is lamentable. As of 31 December 2017, there are 431 women directors, or 11.9 per cent of the 3,613 directors in listed companies. These women occupy only 10.8 per cent of the 4,695 board seats.

Despite the increased attention to this deficit, progress has been a slow crawl. At this rate, achieving the target of 20 by 2020 will be a tall order. The silver lining is the amount of support lined up behind this cause. But we need to urgently convert the talk into action."

Ms Junie Foo
Chair, BoardAgender

"One of our initiatives is to ensure at least one woman candidate on the slate in the SID Board and Appointment Service. It so happens that our most recent mandate is for a woman director to an Australian-listed company. Hopefully, more Singapore boards will follow suit."

Ms Pauline Goh
Council member, SID, and emcee for the event

Women on Board book: 24 female directors, 12 boardroom themes

The book, *Women on Board: Making a Real Difference*, features 24 women directors on the boards of Singapore's biggest companies and nonprofit organisations, ranging from veterans to newcomers, in a range of industries.

A diverse spread of talents and professions are highlighted, including a former cabinet minister, ex-central banker, pioneering venture capitalist and path-breaking medical practitioner. Behind their official persona, however, the steely grit of an endurance sports enthusiast and artistic flair of an award-winning novelist and international pianist are revealed.

Focusing on gender diversity in the corporate boardroom and nonprofit world, the book puts to rest the misconception that there is a dearth of professional female talent ready to make a real difference in the boardroom.

The SID publication is a collaboration with BoardAgender and supported by Accenture.

Extracts from the book:

"I never see myself as the only woman on the CDL board; I merely see myself as one of the seven board members focused on the board agenda. Yet I think having a woman may bring about some changes in board dynamics."

Ms Tan Yee Peng
Director, City Developments Ltd

"We do need to believe that diversity is value-adding and not just an inconvenient bow to political correctness."

Ms Audrey Chin
Former Chair, Keppel REIT Management

Women featured
(in order of appearance):

Business Models
1. Lim Hwee Hua
2. Koh Soo Boon

Digital Economy
3. Tan Yen Yen
4. Jessica Tan

Sustainability
5. Goh Swee Chen
6. Tan Yee Peng

Nomination & Remuneration
7. Elizabeth Kong
8. Wong Su-Yen

Risk Management
9. Teo Swee Lian
10. Audrey Chin

Auditing & Accounting
11. Adeline Sum*
12. Ooi Chee Kar

Legal
13. Rachel Eng
14. Arfat Selvam

International
15. Veronica Eng*
16. Aliza Knox

Initial Public Offerings
17. Yvonne Goh
18. Ng Shin Ein

Real Estate Investment Trusts
19. Penny Goh
20. Cheng Ai Phing

NonProfits
21. Stefanie Yuen Thio
22. Radiah Salim

Board Chairmanship
23. Sumitri Menon
24. Euleen Goh

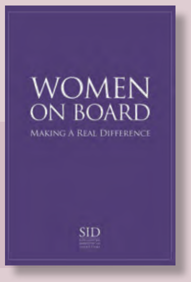
** Not present*

"Gender diversity is important for business and it ensures that we infuse our workplaces and teams with a diversity of views, styles, experiences and perspectives. It has a favourable impact on a company's performance and propels the organisational culture from average to exceptional."

Ms Teo Lay Lim
Senior Managing Director (ASEAN), Accenture

"Perceptual acuity gives us as wide a frame as what is out there, as of what is coming. Diversity of board members is thus very important as a contributing factor to that."

Ms Euleen Goh
Chair, SATS



The *Women on Board* book is available for sale at SID and all Kinokuniya and Times Bookstores outlets and online from Select Books at the recommended retail price of S$38 nett.

Diverse perspectives on gender diversity

Why are there so few women on boards?

Six-and-a-half years ago, Singapore and Australia were about the same in terms of female representation on boards. Today, Australia has 25 per cent female directors compared to Singapore's 10 per cent. And we are talking about one of the most male-dominated societies, so come on, Singapore."

Mr Philip Forrest

First, we are all prone to biases. Second, there is a gap between knowing and doing. We need to be conscious of gender bias in our selection processes."

Ms Wong Su-Yen

I am more optimistic than the general view [on getting women on boards]. Over the years, we have progressed from inertia to gaining momentum. This important conversation is creating awareness that women on boards is a business imperative for the value it brings.

If we truly believe that women on boards make a fundamental difference to diversity, companies need to make a public commitment and set their own objectives for gender diversity. Ultimately, you only find what you are looking for. For companies to achieve significant female representation on boards, nominating committees must ensure that female candidates are always included in the shortlist.

One woman on a board is a pretty lonely place to be, two is company and more impactful, while three changes the dynamics of the board for the better. So I think three is the magic number."

Mr Simon Israel

It's a man's world

I am reminded of a story I was told about a country in South America, whose football team was among the best in the world, but whose civil service ranked right at the bottom. And that was because when they looked for people to join the civil service, they picked those from a certain family and a certain school, regardless of their abilities. But when they picked football players, they went to every part of the country and chose only those who could play well.

As for why we don't have greater female representation on our boards, I think we are not paying sufficient attention in the selection process. We are ignoring a big part of the talent pool. Why are we looking at half the talent pool, rather than the whole talent pool?"

Mr John Lim

Women like to be sought after and pursued. We do not want to end up like the SDU (Social Development Unit), where women have to be match-made to companies!"

Ms Yvonne Goh

Director, Del Monte Pacific

How to improve gender diversity on boards?

Corporate governance is well-observed at statutory boards. Statutory boards can lead the way in achieving hard targets for board female representation. These first-time directors, with the invaluable experience gained, can then form a recruiting pool for commercial boards."

Mr Lee Chong Kwee

Chair, Mapletree Logistics Trust

Men also need to have the conversation with fellow male directors, on how to champion female representation on boards, whether in the boardroom or on the golf course."

Ms Dina Coppel

Executive Director, Elev8 Advisory

Should there be gender quotas?

"If the government really thinks that gender diversity is such a pressing issue, I cannot see why it cannot impose quotas. I do not concur with the view that quotas would make women feel like trophy directors – that they are appointed on boards due to quotas and not their capabilities. Then how do you justify the GRC (Group Representation Constituency) system?"

Mr Henry Wang Xinbin

CEO, Everbright Business Consultancy

"Why have quotas imposed on us? Why don't we do it ourselves? When I was on the board of NTUC Income, I was introduced as the only woman director which adds to diversity. Excuse me, I'm not just a woman – I can do investment, risk management, a host of other things."

Dr Audrey Chin

"Among the unintended consequences of the imposition of quotas is that it distracts from the challenge of growing the pipeline of talent. Also, women who finally get appointed might not know if they are there to fill the quota or if they are there on their own merit. The imposition of quotas should not happen as a first step."

Mrs Lim Hwee Hua

"Quotas do not necessarily have to be a bad word. They do not mean sacrificing meritocracy. There is a blind spot in how we respond to quota application. Quotas can have a place in the process, they do not have to be there forever."

Ms Braema Mathi

Adviser, MARUAH

"A quota system tends to focus on the end result rather than on the process. In looking for new directors, we should look at the entire talent pool, not just half. We should focus on the process and not just on the outcome."

Mr John Lim

How to help women get on boards

"How many people are currently mentoring women to take on board positions?"

Ms Reeta Nathwani

CEO, Atom Global Consulting

"I currently mentor women, though not necessarily in preparation for board positions. But I want to highlight the good work done by BoardAgender. Many years ago, they painstakingly produced a directory of all women suitable to be directors and sent it to many listcos. If we do the same today, and put pressure on companies, especially those with no female directors, we should be able to get some results."

Mrs Lim Hwee Hua

"Part of the problem of getting women on boards is the culture, which drives the process of director recruitment, in Singapore. You do not apply to be a director; you get invited to join a board. Companies rely on recommendations of fellow directors who know of other directors. Given that the vast majority of directors are men, it is not unexpected that men therefore get the lion's share of recommendations.

To encourage more women to come forward, be known, and participate in the search process, companies should consider advertising in SID's Board Diversity and Appointment Services. This is a professional, dignified and appropriate search platform to tap into the large pool of eligible women for directorships in Singapore."

Mr Gerard Tan

Council member, SID

ASEAN CG Scorecard: Of Measurements and Enhancements

L-R: Philip Forrest (Council member, SID and Moderator), Lim Hwee Hua (Director, UOB Group), Simon Israel (Chair, Singtel), Wong Su-Yen (Chair, Nera Telecommunications), John Lim (Immediate Past Chair, SID).

Pending changes to the CG Code

Last year, the Monetary Authority of Singapore formed a Corporate Governance Council to review the Code of Corporate Governance. The Council's recommendations to require companies to disclose their board diversity policy and progress, and to review the nine-year threshold for independent directors, are positive steps towards board renewal and diversity. In time to come, I hope that more companies can follow SID's example. [It] has appointed six women directors, making up 30% of its board."

Minister Grace Fu

Not everyone will agree with every revision to the CG Code but I hope on balance, most will agree that the revised CG Code as a package is an improvement and represents a step in the right direction.

Mr Ng Yao Loong

Measuring corporate governance

Even as we continue to debate how the CG Code can be enhanced, we have to pay more attention to how we measure the quality of corporate governance. What is not measured cannot be improved. Therefore, ranking exercises like the ASEAN Corporate Governance Scorecard and periodic surveys are helpful.

Governance has progressed beyond a relatively binary, check-the-box approach, such as whether companies have a diversity policy, or whether they have adopted electronic voting. Companies now actually deal with more complex challenges such as constituting a diverse board with the competencies and expertise to address the specific challenges they are facing or likely to face.

The new reality and demands from market participants will require measurement tools and disclosure templates to be fine-tuned or even revamped. We have to find new and better ways of measuring and validating the quality of corporate governance. This will not be easy as it will require an in-depth understanding of how boards and their companies operate to protect the interests of all relevant stakeholders and ensure the company's long-term success."

Mr Ng Yao Loong

Improving corporate governance

"Looking at the results of the ASEAN Corporate Governance Scorecard, there is a lot of room for improvement, and if companies are serious about improving their performance, they should look into simple things, such as disclosure of attendance at AGMs by their board members."

Mr John Lim

"Boards should sit up and look at areas where there are gaps. Investors can always cross-compare with peer companies in the industry. Regulators must decide the minimum level of disclosure to be hard-wired into regulations. But where in doubt, my humble suggestion is "Don't."

Mrs Lim Hwee Hua

Getting SMEs to level up their corporate governance

"It seems that the Temasek-linked companies (TLCs) generally do better. Is there an unbridgeable gap between TLCs and others, especially small and mid caps?"

Mr Philip Forrest

"It needs to be understood that sound corporate governance is good for business, good for value creation and good for society as a whole. For smaller and mid-cap companies, this message could encourage those who see governance as compliance and the price to pay for being listed."

Mr Simon Israel

Good corporate governance is a mindset

"While there are resource constraints facing many SMEs, it is unwise to use size as a crutch. Good corporate governance is a mindset and it is about taking steps that reflect the importance placed on governance by the board."

Ms Wong Su-Yen

"Corporate governance is a journey and where we go from here actually hinges on the decisions that each company and its board take in continuously raising the bar on their governance practices. It is not what the Listing Rules or CG Code prescribe. It is about mindset and I hope that we can all embrace corporate governance as the purposeful and strategic endeavour it is meant to be."

Mr Ng Yao Loong

ASEAN CG Scorecard: Flatlined results

Associate Professor Lawrence Loh presented the Singapore results of the ASEAN Corporate Governance Scorecard 2018. Highlights of his presentation are contained here.

Scorecard Initiative

- Started by ASEAN Capital Markets Forum Working Group in 2011.
- Six participating countries: Indonesia, Malaysia, the Philippines, Singapore, Thailand and Vietnam.
- SID and NUS CGIO appointed by MAS as domestic ranking body.
- Scorecard was revised in 2016, a gap year in the annual assessments.

Scorecard Methodology

- Level 1 score comprises assessment of five key areas derived from OECD principles of corporate governance.
- Level 2 score comprises bonus or penalty points for significant exceptions.
- 100 largest companies selected by market capitalisation.
- The top 35 companies are peer-reviewed.

Level 1 Score (Max = 100 points)

- Rights of shareholders (10)
- Equitable treatment of shareholders (10)
- Role of stakeholders (15)
- Disclosure and transparency (25)
- Responsibilities of the board (40)

Level 2 Score (Max = 30 points)

Bonus	Penalty
(+30)	(-65)

Total Score Attainable (Max = 130 points)

"The rationale for the ASEAN Corporate Governance Scorecard can be best expressed as 'ABC':

- A for Asset class, defining top listed companies in the ASEAN countries as an asset class.
- B for Best in class, these are the top companies in ASEAN.
- C for Cosmopolitan class, aiming to reflect global principles and international good practices."

Dr Lawrence Loh
Director, CGIO, NUS Business School

Singapore Performance over the Years

- *"Big cap effect"*. There is a widening gap between higher-performing companies and the lower performers. This results in a 21 per cent premium for company size, where companies with bigger market capitalisation tend to perform better in corporate governance.
- *Temasek-linked companies (TLC) differential*. Collectively, the 12-14 TLCs had a 39 per cent premium to the rest of the companies in the top 100.
- *Poor disclosure of diversity policies*. Only three companies out of 100 scored 6-7 points out of a maximum of 7 in board diversity performance evaluation, while almost a third (27 per cent) scored zero.

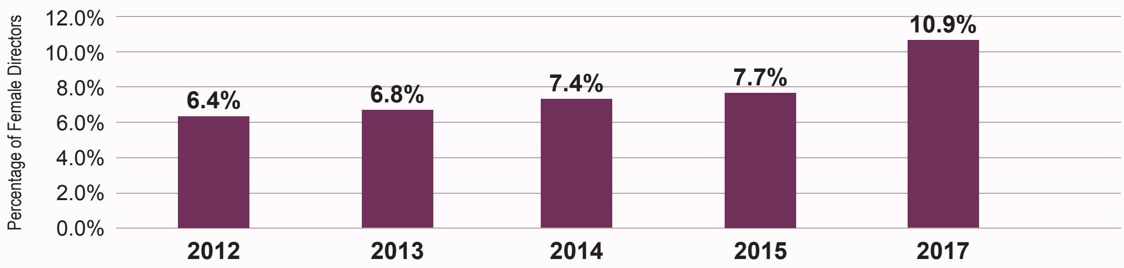
Year[1]	Average Total Score	Average Level 1 Score[2]	Total Score Range	Maximum Attainable Score
2012	55.7	56.4	37.9 - 81.7	117
2013	71.7	65.1	46.8 - 105.0	142
2014	70.7	67.0	43.9 - 105.5	128
2015	78.1	74.6	49.0 - 116.0	126
2017	78.5	73.7	46.4 - 120.0	130

[1] 2016 was a gap year for revision and no assessment was conducted.
[2] Out of a maximum Level 1 score or 100 points.

Gender Diversity: Possible Cause and Effect

- *Crossing the 10 per cent barrier*. The percentage of female directors in the 100 largest Singapore companies reached an all-time high of 10.9 per cent in 2017, up from 7.7 per cent in 2015.
- *Inverse relationship between independent director tenure and gender representation*. Boards with an average independent director tenure of 4.2 years have at least three female directors, whereas boards with independent directors serving an average tenure of 7.6 years have no female directors.
- *Diversity premium*. Companies with women on their boards show an average 7.9 per cent premium on corporate governance performance.

Board Gender Representation in 100 Largest Singapore Companies



Sources: 2012-2015 - CGIO and KornFerry; 2017 - ACGS

1 ACGS 2017 is based on annual reports with financial year end between April 2016 and March 2017.
2 Diversity Action Committee's announcement on 13 February 2018 revealed 13.1% of the board directorships of top 100 primary-listed companies are held by women as at 31 December 2017.

ASEAN CG Scorecard: 2018 Singapore Award Winners

The Singapore country report of the ASEAN Scorecard 2018 revealed overall progress by the top 100 Singapore publicly-listed companies. A total of six awards were presented to recognise companies for their excellence in corporate governance.

Singapore Telecommunications (Singtel) received the Top Achiever Award, retaining its number one spot since 2013.

Olam International and United Overseas Bank were awarded the Outstanding Progress Award for most improved performance, moving up 35 places and 22 spots respectively, to break through to the top 10 rankings for the first time.

DBS Group Holdings, Singapore Exchange and Singtel were recognised for their achievements in board diversity. Among the criteria, companies are considered diverse if they have female independent directors and have disclosed a detailed board diversity policy.

TOP ACHIEVER AWARD

Singapore Telecommunications Ltd

L to R: Simon Israel (Singtel), Minister Grace Fu.

OUTSTANDING PROGRESS AWARD

Olam International Ltd, United Overseas Bank Ltd

L to R: Ong Yew Huat (UOB), Minister Grace Fu, Yap Chee Keong (Olam).

BOARD DIVERSITY AWARD

DBS Group Holdings Ltd, Singapore Exchange Ltd, Singapore Telecommunications Ltd

L to R: Ng Yao Loong (MAS), Simon Israel (Singtel), Minister Grace Fu, Euleen Goh (DBS), Kwa Chong Seng (SGX), Willie Cheng (SID).

Singapore Performance over the Years

2017 Rank	Company Name	2015 Rank	2017 Rank	Company Name	2015 Rank
1	Singapore Telecommunications Ltd	1	51	First Resources Ltd	42
2	CapitaLand Ltd	4	52	Talkmed Group Ltd	NA
3	DBS Group Holdings Ltd	2	53	Halcyon Agri Corp Ltd	NA
4	Singapore Exchange Ltd	3	54	Bumitama Agri Ltd	46
5	United Overseas Bank Ltd	27	55	Raffles Medical Group Ltd	79
6	City Developments Ltd	19	56	Metro Holdings Ltd	74
7	Singapore Press Holdings Ltd	5	57	Yanlord Land Group Ltd	52
8	Oversea-Chinese Banking Corp Ltd	18	58	CITIC Envirotech Ltd	92
9	Sembcorp Industries Ltd	15	59	The Straits Trading Co Ltd	77
10	Olam International Ltd	45	60	Delfi Ltd	66
11	SATS Ltd	6	61	Mewah International Inc	NA
12	Global Logistic Properties Ltd	16	62	Japfa Ltd	NA
13	StarHub Ltd	12	63	Hi-P International Ltd	NA
14	Singapore Technologies Engineering Ltd	13	64	Ho Bee Land Ltd	49
15	Sembcorp Marine Ltd	23	65	Health Management International Ltd	NA
16	Singapore Airlines Ltd	11	66	Bukit Sembawang Estates Ltd	65
17	Keppel Telecommunications & Transportation Ltd	10	67	Q&M Dental Group Singapore Ltd	NA
18	ComfortDelGro Corp Ltd	25	68	Far East Orchard Ltd	63
19	SIA Engineering Co Ltd	21	69	Sarine Technologies Ltd	47
20	Frasers Centrepoint Ltd	NA	70	China Everbright Water Ltd	82
21	Perennial Real Estate Holdings Ltd	43	71	Riverstone Holdings Ltd	NA
22	M1 Ltd	30	72	Genting Singapore PLC	53
23	Del Monte Pacific Ltd	28	73	Golden Energy & Resources Ltd	NA
24	China Aviation Oil Singapore Corp Ltd	61	74	Best World International Ltd	NA
25	Great Eastern Holdings Ltd	41	75	CEFC International Ltd	NA
26	Yoma Strategic Holdings Ltd	17	76	GL Ltd	89
27	Wheelock Properties Singapore Ltd	72	77	Ezion Holdings Ltd	88
28	Fraser and Neave Ltd	20	78	Pacc Offshore Services Holdings Ltd	NA
29	SBS Transit Ltd	NA	79	Sinarmas Land Ltd	83
30	Thai Beverage PCL	55	80	Bonvests Holdings Ltd	NA
31	Wilmar International Ltd	56	81	UOB-Kay Hian Holdings Ltd	93
32	Vicom Ltd	NA	82	Hong Fok Corp Ltd	96
33	UOL Group Ltd	29	83	GSH Corp Ltd	81
34	Singapore Post Ltd	8	84	Silverlake Axis Ltd	78
35	Golden Agri-Resources Ltd	64	85	Hotel Grand Central Ltd	100
36	Jardine Cycle & Carriage Ltd	80	86	NSL Ltd	NA
37	Hong Leong Finance Ltd	39	87	Oxley Holdings Ltd	84
38	Venture Corp Ltd	34	88	China Jinjiang Environment Holding Co Ltd	NA
39	United Engineers Ltd	48	89	SIIC Environment Holdings Ltd	75
40	Indofood Agri Resources Ltd	35	90	Pacific Century Regional Developments Ltd	73
41	OUE Ltd	38	91	Wing Tai Holdings Ltd	90
42	Yeo Hiap Seng Ltd	58	92	First Sponsor Group Ltd	NA
43	United Industrial Corp Ltd	37	93	Gallant Venture Ltd	44
44	Haw Par Corp Ltd	59	94	Fragrance Group Ltd	91
45	Yangzijiang Shipbuilding Holdings Ltd	32	95	Hotel Properties Ltd	98
46	ARA Asset Management Ltd	40	96	Straco Corp Ltd	95
47	Sheng Siong Group Ltd	50	97	Sunpower Group Ltd	NA
48	QAF Ltd	99	98	Aspial Corp Ltd	85
49	Roxy-Pacific Holdings Ltd	36	99	CWT Ltd	97
50	GuocoLand Ltd	76	100	Bund Center Investment Ltd	NA

Notes: 1. Only the 100 largest companies by market capitalisation are ranked.
2. 2016 was a gap year for revision and no assessment was conducted.

SGX Fast Track

At the ACRA-SGX-SID Audit Committee Seminar in January 2018, SGX Chief Regulatory Officer Tan Boon Gin spoke of a "move away from using a stick and move towards using carrots instead to reward good corporate governance." Three months later, he is making good his promise of a "green lane" and faster turnaround time for deserving companies. He explains here the resulting Fast Track programme.

Rewarding companies for good corporate governance performance is as much a part of the regulator's job as it is enforcing the rules and disciplining those that have fallen short. It is with this in mind that Singapore Exchange Regulation (SGX RegCo) launched the SGX Fast Track programme on 4 April 2018.

The SGX Fast Track programme aims to recognise and reward listed companies that have a strong corporate governance standing and good compliance track record. A unique feature of this programme is its diversity in terms of the size and types of company selected.

Listed companies cannot apply for admission to SGX Fast Track, as they have to be selected by SGX RegCo, based on certain criteria.

One of the criteria is based on accolades of corporate governance recognition by established corporate governance ranking bodies or associations that the companies may have received. External validation by professional independent bodies is an important criteria. The Singapore Governance and Transparency Index (jointly produced by SID, CPAA Singapore and CGIO of the NUS Business School), Singapore Corporate Awards, SIAS Investor's Choice

Awards for Corporate Governance, Governance Index for Trusts, and Governance Evaluation for Mid and Small Caps are such barometers of companies' corporate governance performance.

In addition to independent external validation, SGX RegCo will also consider the compliance track record as well as quality of regulatory submissions of companies. To maintain high standards of corporate governance practices, companies have to go beyond a "tick-the-box" mindset, and take a more progressive and balanced approach.

SGX Regco reserves the right to vary the eligibility criteria, and will undertake regular reviews of continuing eligibility of companies in the programme so that those in the programme will continue to be on the forefront of corporate governance achievements and regulatory compliance.

Perks of being in the SGX Fast Track programme include priority in getting companies' regulatory submissions to SGX RegCo cleared. Some of these submissions could include requests for waivers, circulars to shareholders and fundraising exercises, such as share placement and rights issuance. Listed companies on SGX Fast Track will expect – subject to their compliance to listing rules – processing time for their submissions to be expedited, as well as an overall faster time to market.

The following 60 SGX-listed companies were placed on the SGX Fast Track Programme on 4 April 2018.

MAINBOARD COMPANIES

AIMS AMP Capital Industrial REIT
Ascendas Hospitality Trust
Ascendas Real Estate Investment Trust
Asia Enterprises Holding Limited
Baker Technology Limited
Banyan Tree Holdings Limited
CapitaLand Commercial Trust
CapitaLand Limited
CapitaLand Mall Trust
Centurion Corporation Limited
China Aviation Oil (Singapore) Corporation Ltd
City Developments Limited
ComfortDelGro Corporation Limited
DBS Group Holdings Ltd
Del Monte Pacific Limited
Dynamic Colours Limited
Frasers Commercial Trust
Frasers Property Limited
Great Eastern Holdings Limited
Hong Leong Asia Ltd
Hotel Royal Limited
Indofood Agri Resources Ltd
InnoTek Limited
Keppel DC REIT
Keppel Telecommunications & Transportation Ltd
Manulife US Real Estate Investment Trust
Mapletree Greater China Commercial Trust
Mewah International Inc
Micro-Mechanics (Holdings) Ltd
Olam International Limited
Oversea-Chinese Banking Corporation Limited
Parkway Life Real Estate Investment Trust
Riverstone Holdings Limited
SATS Ltd
SBS Transit Ltd
Sembcorp Industries Ltd
Sembcorp Marine Ltd
Sing Investments & Finance Limited
Singapore Airlines Limited
Singapore Press Holdings Limited
Singapore Technologies Engineering Ltd
Singapore Telecommunications Limited
Soilbuild Business Space REIT
Soilbuild Construction Group Ltd
StarHub Ltd
Sunningdale Tech Ltd
Tuan Sing Holdings Limited
United Overseas Bank Limited
Venture Corporation Limited
VICOM Ltd
Wilmar International Limited
Yoma Strategic Holdings Ltd

CATALIST COMPANIES

Japan Foods Holding Ltd
LHN Limited
Megachem Limited
Miyoshi Limited
Secura Group Limited
Singapore O&G Ltd
United Global Limited
ZICO Holdings Inc

Cross-Border Dialogue

The FutureBoards Cross-Border Dialogue on 25 April 2018 focused on gender balance in corporate boards. The event was hosted by the Royal Norwegian Embassy, Singapore, and organised by FutureBoards in collaboration with Innovation Norway, SID, BoardAgender and Malaysian Alliance of Corporate Directors (MACD).

Close to 50 people turned up for the dialogue session at the Tanglin Club. Participants comprised Singaporean and Norwegian business owners, board chairs/members, corporate CEOs, representatives from government and relevant organisations and potential female board member candidates.

Ms Torunn Aass Taralrud, Director, Innovation Norway, started the ball rolling by expounding the Norwegian example, which introduced a 40 per cent quota on its corporate boards more than 10 years ago. Ms Yeo Lian Sim, Special Adviser (Diversity), Singapore Exchange and a member of Singapore's Diversity Action Committee, updated the work-in-progress in Singapore's corporate boardrooms. Next, Mr Paul Chan, President, MACD, presented an overview of the directorship landscape in Malaysia.

Moderated by SID Council member and BoardAgender chairperson, Ms Junie Foo, the panel discussion and dialogue kicked off with an introduction of the book published by SID, *Women on Board: Making a Real Difference*. Featuring the directorship journeys of 24 women directors, the publication offers a unique perspective of boardroom dynamics and gender diversity in Singapore. The dialogue session elicited a lively debate and comments from the floor came thick and fast.

By facilitating the exchange of ideas and sharing of experiences, the event explored innovative and practical ways to achieve the DAC's recommendation of 20 per cent women on listed boards by 2020. Increasingly, there is growing recognition that balanced boards make more balanced decisions, with the debate tilting towards how to achieve gender balance, and how to turn words into action. ■

SID-SGX Outreach to Continuing Sponsors of Catalist Companies

On 9 May 2018, SID and the Singapore Exchange Regulation (SGX Regco) organised the inaugural SID-SGX Outreach to Continuing Sponsors. The response was overwhelming with most of the invited companies in attendance at the event held at the Metropolis, SGX. These included PrimePartners Corporate Finance, Stamford Corporate Services, Zico Capital and several financial services companies.

As defined in the SGX Catalist rules, Continuing Sponsors are professional firms authorised by the Exchange to advise issuers listed on Catalist on their compliance obligations under the listing rules and corporate governance matters. These include, among others, reviewing all documents to be released by the issuer, assessing that the issuer has sufficient systems, procedures, controls and resources to comply with the listing rules and being satisfied that the issuer's directors understand and intend to fulfil their obligations.

Ms June Sim, Head of Listing Compliance, SGX welcomed participants in her opening remarks. The purpose of the session was to connect with sponsors which are important links to Catalist companies and represent an integral part of the corporate governance ecosystem.

Mr Soh Gim Teik, Chairman of the AC Chapter, SID, led the discussion that followed. The dialogue was focused on raising the level of corporate governance and business practices of Catalist companies. Among some of the suggestions raised was to enhance director capabilities and competencies through a continuing professional development programme, such as the range of courses SID provides.

It was generally agreed that it is beneficial for companies to be plugged in early to SID, to leverage its resources and training programmes. Other than independent directors, the executive directors and C-suite executives will benefit greatly from better knowledge of corporate governance and SGX listing rules.

Overall the discussion was constructive and the introductory meeting marked the start of a deeper engagement among all the stakeholders. ■

Strategic Use of Design in Business

Close to 40 participants attended the session "Strategic Use of Design in Businesses for Innovation and Transformation", co-organised by SID and DesignSingapore Council at Capital Tower on 13 April 2018.

Mr Pete Overy, Co-Managing Director of Agency, set the stage with an overview of design thinking. The concept of a user-centric approach in design thinking featured prominently in his presentation. Using divergent thinking to create more options and find common ground between customer satisfaction, business viability and technology feasibility, creative ideas can be developed and implemented, as opposed to merely capturing observations about customers.

The second speaker, Ms Jin Kang, Vice-President of Group Customer Experience at OCBC, shared pivotal insights for a mindset change to cultivate design thinking in the corporate environment. Understanding customers' needs, expectations and pain points, and facilitating constant iteration of the product along with evolving customers' needs, can help incorporate design thinking methods into business practice. She however cautioned the need to strike a balance between rushing to finalise the product and ensuring that all grounds of product development are covered.

The last speaker, Mr Mark Wee, Executive Director (Designate) of DesignSingapore Council, rounded off with an emphasis on the centrality of design thinking in fostering innovation and organisational transformation. Leveraging design with a customer-centric vision enhances the potential to achieve product functionality and business performance. Mr Wee also provided instructive examples of how design thinking is used to combat disruption in both the public and private sectors to enhance quality of life and capture new markets.

A lively panel discussion moderated by Mr Andrew Pang, President, Design Business Chamber, ensued, where panel members emphasised the vanguard role that design thinking plays in managing the impact of digital disruption. It was a constructive session that gave insights into some of the challenges in fostering a culture of design thinking while highlighting lessons from past failures. ■

Managing Millennials in a Multicultural Workplace

With an increasing premium on employee talent and an emerging ageing workforce, the issue of nurturing millennials for senior leadership has been thrust to the fore. More than 25 participants, comprising directors and human resource professionals, attended the SID session on "Managing Millennials in a Multicultural Workplace" on 31 May 2018.

Research advisory Universum defines the millennial generation as those born between 1981 and 2000. Today, almost one in three in Singapore's workforce are millennials. By 2025, millennials and those born after 2000 will make up a staggering three-quarters of the workforce. Understanding the work attitudes and behaviours of this age group is therefore critical.

Ms Rachele Focardi, Chief Strategy Officer of Universum, provided useful insights into the multigenerational workforce, and how millennials have changed the context of work. Comprising 2.3 billion of the global population, millennials have a job turnover rate twice that of older workers. Beyond dominating the workforce in terms of numbers, millennials will be taking on increasing roles in senior leadership.

Increasingly, talent attraction and retention are becoming more urgent, as companies seek to differentiate themselves to hire and keep the cream of the crop. More effective management and communication can help keep younger workers engaged, noted Ms Focardi.

Examples of such initiatives include fostering a friendly, flexible and transparent work environment to enable greater engagement, work-life balance, fair evaluation and regular feedback. Encouraging collaborative decision-making, mentorship and reverse mentorship also play a vanguard role in fostering communication.

Motivational attitudes of Singapore's millennial population differ from the generations before them. Opportunities for professional development and career advancement take precedence over remuneration and job security. An increased emphasis on a creative and dynamic work environment, supportive leaders and mentors, and a culture of respect are also highly valued by millennials, according to a Universum survey in 2015.

The key challenge of managing a multigenerational and multicultural workplace arises from the different backgrounds and expectations of employees. Attitudes toward authority and structure, for instance, lead to the perception that older workers are averse to change, while younger employees are more eager to try out new ideas.

Participants gleaned insights into strategies to foster greater engagement between millennials and the older generations of employees to make for a more conducive work environment, and ultimately better company performance. ■

Sustainable Finance for a Sustainable Future

More than 20 participants, comprising directors and professionals, attended the SID session on "Sustainable Finance" on 20 June 2018. The talk was held at the Singapore Sustainability Academy at City Square Mall.

Historically, companies and investors evaluated their performance based on financial measures alone. However, global momentum has been building towards recognition of the role played by environmental, social and governance (ESG) factors in investment decisions.

Mr Ian Hong, Head of Sustainability at KPMG Singapore highlighted that Singapore has responded by declaring 2018 as the Year of Climate Action. Offering useful insights into why and how stakeholders invest, Mr Hong touched on the principles of responsible investing.

Among the range of ESG finance mechanisms in the market, green bonds, sustainability bonds and climate bonds were presented as examples. Recent initiatives include the rollout of the green bond grant by the Monetary Authority of Singapore, and the issuance of ASEAN green bond standards.

The next speaker, Mr Mikkel Larsen, Managing Director and Chief Sustainability Officer at DBS, expanded on opportunities available in sustainable financing. With an estimated US$3 trillion (S$4 trillion) in potential demand for green finance in ASEAN until 2030, there is plenty of room for private financing to grow.

Infrastructure, food, agriculture, forestry and energy will be the leading sectors, said Mr Larsen. While the Singapore capital markets have seen a number of green bonds debut over the past year, it is only when sustainability is embedded into consumers' everyday decisions that sustainable finance will take off in a big way.

In a panel discussion that followed the presentations, Ms Ether An, Chief Sustainability Officer, City Developments Limited and Mr Ray Tay, Vice President and Senior Credit Officer, Moody's Investors Service took questions from the floor. The key challenge is how investors can maintain profitability to support this shift and how stakeholders can change the mindset of companies to commit to a more sustainable future. ■

Data and Insights-Driven Digital Innovation

With the ascendance of data analytics that has the potential to enhance customer experience and business revenue, how should companies move the digital transformation needle?

The SID session presented by EY on "Data and Insights-Driven Digital Innovation" on 21 June 2018 sought to address this issue and give insights into how digital technology is changing the business landscape in Singapore and the region. A total of 25 participants turned up for the half-day presentation at Capital Tower.

Mr Jonathan Rees, EY ASEAN Digital Leader, set the stage with an overview of the three primary forces driving digital disruption – technology, globalisation and demographics. He outlined mitigating strategies for optimal decision-making to reshape markets and business models. Considering that technological innovation has been shown to drive the majority of long-term returns, he stressed the importance of embedding digital solutions in every aspect of the business.

Leading businesses have made great strides in adopting digital platforms to enhance customer experience and improve returns on technology. Data analytics can help provide forward-looking insights into how companies can capitalise on the opportunities afforded by digital technology while allaying the concerns of consumers.

Mr Manik Bhandari, EY ASEAN Analytics Leader and Mr Cao Hong, EY ASEAN Head of Data Science, elaborated on the various categories of analytics. Describing how data can play a vanguard role in bolstering steering capabilities, revenue growth and operating margin, the two speakers illustrated with case studies how advanced analytics can be applied in various sectors to streamline operations. More importantly, the application of information harnessed from analytics must be adapted to suit the business model.

The fourth speaker, Mr Jimmy Ong, Partner, EY ASEAN concluded with an overview of blockchain. Despite its benefits and extensive uses, scalability and funding can make it difficult to implement advanced digital solutions. To circumvent this, he provided a checklist for companies considering the feasibility of blockchain.

The robust discussion that ensued saw participants discuss issues such as the need to strike a balanced posture between embracing digital innovation and achieving short-term and long-term returns. It was an insightful session for all. ■

Anticipating Risk and Precaution at the Board Level

As new drivers of change reshape the global political and economic order, our attitude to unknown risks can help navigate the terrain and avoid crises. The SID Masterclass for Directors session, "Anticipating Risk and Precaution at the Board Level", held on 24 April 2018, sought to impart a flavour of behavioural science behind decision-making.

Dr Marc Le Menestrel, Visiting Professor for Corporate Governance and Sustainability at INSEAD, Singapore, introduced the 20 participants to techniques to enhance decision-making skills in the boardroom. He highlighted the importance of rational analysis and warned against the pitfalls of unquestioning leadership that can lead to inflexibility and resistance to change.

He also discussed the concept of ethical risk and gave relevant examples of how emotions can cloud board decision-making. "Disruptions can come in the form of technology or even financial rewards," he said. Participants shared their learning experiences from the disruptive thinking process introduced during the course. ■

Remuneration Committee (RC) Chairmen's Conversation

On 15 May 2018, Willis Towers Watson hosted a discussion on "Local and Global Investor Perspectives on Executive Compensation", attended by a dozen RC Chairmen.

Mr Shai Ganu, Managing Director, and Mr Trey Davis, Executive Compensation Leader, emphasised the need for greater consultation and transparency on pay decisions amid rising shareholder activism. Global compensation structures indicate a rising trend of aligning company vision and long-term business performance with long-term incentives for executive and CEO remuneration.

Highlighting key findings for local executive compensation, the speakers urged greater involvement of RCs in smaller listed companies and in addressing succession and talent

management, other than pay matters. Conducting a "live" poll among participants revealed insights in the psychology of pay, which underlined the need to balance market convention with executives' perception and motivation.

In closing, Mr Willie Cheng, Chairman, SID touched on impending RC-related updates to the Corporate Governance Code. ■

AC Pit-Stops

Countering Money Laundering and Financing of Terrorism

The audience at the SID AC Pit-Stop session on money laundering and financing of terrorism held on 29 March 2018 was treated to fascinating insights into the murky world of money laundering and financing of terrorism. Bribery, corruption, deliberate export controls violations and the vulnerabilities of the property sector to money laundering crimes, generated interesting discussions.

Mr Chen Jee Meng, Senior Vice President, Financial Crime Compliance, Anti-Money Laundering at The Hongkong and Shanghai Banking Corporation, led the session with overview of Singapore's legislative and regulatory regime on anti-money laundering and countering financial terrorism.

Contrary to the general perception that such provisions are only relevant to the financial sector, the session was targeted at non-financial companies. Mr Chen pointed out that with heightened regulatory scrutiny, companies and employees need to be aware of their responsibilities and liabilities vis-à-vis current regulations. Negligence, wilful behaviour, reasonableness and strict liabilities were highlighted, the underlying message being that companies and employees cannot hide behind the claim of: "I don't know." ■

The Audit Committee's Role in Crisis Management

The crises faced by global companies like Uber and Facebook, and local companies like Keppel Offshore and Marine and Midas Holdings, have grabbed the headlines in recent months. The presentation, "The AC's Role in Crisis Management", convened by SID on 23 May 2018, was particularly relevant as the AC has an important role to play in its oversight of the company's risk and compliance requirements.

In a wide-ranging discussion, Mr Lai Kwok Kin, Founder and Managing Director of WeR1 Consultants, discussed why small-caps are particularly vulnerable to crisis situations, and shared tips on how ACs can be better prepared for crises by understanding the tools available to manage crises.

Participants were introduced to a crisis checklist and other useful pointers in dealing with crisis situations. Indeed, many of the 41 participants found the session engaging and the numerous case studies covered, including of Satyam Computers, and several SGX-listed companies, proved most insightful. ■

BFS1

Disruptive Technologies For Directors

More than 25 directors and senior management from NTUC Enterprise Co-operative and its social enterprises attended SID's Business Future Series module on Disruptive Technologies for Directors on 27 April 2018. The highlight was a tour of Accenture's facilities that showcased new innovation and accelerate software application development cycles.

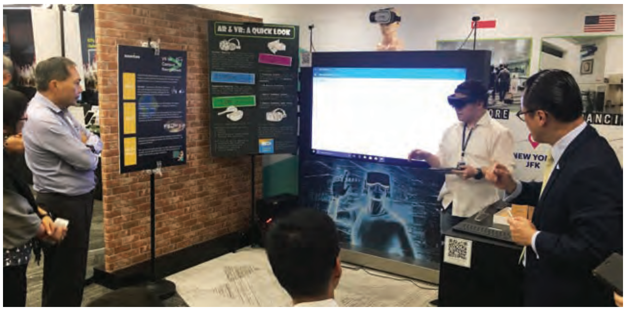
Mr Adam Burden, Global Lead for Advanced Technology and Architecture, Accenture, presented Accenture's Technology Vision for 2018 (Citizen Artificial Intelligence, Extended Reality, Data Veracity and Frictionless Business) using pioneering extended reality projection.

Participants were treated to a highly interactive technology-focused presentation by Mr Daniel Gunawan, ASEAN Lead for Advanced Technology and Architecture, Accenture. Several case studies were used to highlight the benefits and challenges of Intelligent Automation, Blockchain and Immersive Experience.

Together with Mr Sam Liew, Managing Director, Technology, ASEAN, Accenture, the team led participants on a tour of Accenture's Liquid Studio and Digital Hub. Accenture's Liquid Studio wowed participants with the many "live" demonstrations and prototypes.

At the Digital Hub, skilled Accenture engineers work with clients to turn concepts into applications and solutions with speed and agility, leveraging disruptive technologies, such as artificial intelligence, blockchain and server-less architectures.

After a networking lunch, Accenture Interactive facilitated an introduction on Design Thinking, with a short activity that highlighted the four important steps of design thinking.



The session was concluded with a robust panel discussion led by Mr Liew, Mr Willie Cheng (Chairman, SID), Mr Low Huan Ping (EVP of Technology, Singapore Press Holdings) and Mr Stephen Lim (CEO, SQL View). Together, they shared their digital directorship journeys and participants gained valuable insights into change management and mitigation of investment risks in technology. ■

A Great Day on and off the Greens

SID held the 18th edition of its annual golf tournament on Sunday, 17 June 2018 at the Sentosa Golf Club. Blue skies greeted the 128 golfers who were treated to a great experience on the New Tanjong Course. The event was graced by Mr Ng Chee Meng, Minister in the Prime Minister's Office.

A packed programme awaited all golfers and guests at the end of the game. A scrumptious eight-course Chinese dinner was accompanied by a live band, prize-giving and a lucky draw.

Attributing the long-running success of the tournament to the steadfast support of SID's partners, Mr Willie Cheng, Chairman of SID, highlighted the entry of two new major sponsors, Malayan Banking (Team Challenge Shield) and CITIC Envirotech (Individual Championship Cup). He also acknowledged the strong support of Daimler and new sponsor, Singapore Airlines, for their Hole-in-One prizes, which were unfortunately not claimed.

Minister Ng kicked off the prize presentation and the evening's highlight culminated in the lucky draw. Mr Lee Chong Kwee, Chairman of the SID Golf Organising Committee, acknowledged all sponsors and well-wishers, and drew the event to a close. ■

Winners

Nearest to the Line

Winner Young Lim with Minister Ng.

Longest Drive

Winner Samuel Siew with Minister Ng.

Nearest to the Pin

Winner Gerry Fernandez with Minister Ng.

CITIC Envirotech Championship Cup

Winner Boh Thai See with Lee Suan Hiang (CITIC Envirotech).

Maybank Challenge Shield

L-R: Chew Guan Sing, Alvin Lee (Maybank), Tan Keng Wan, Goh Keat Jin.

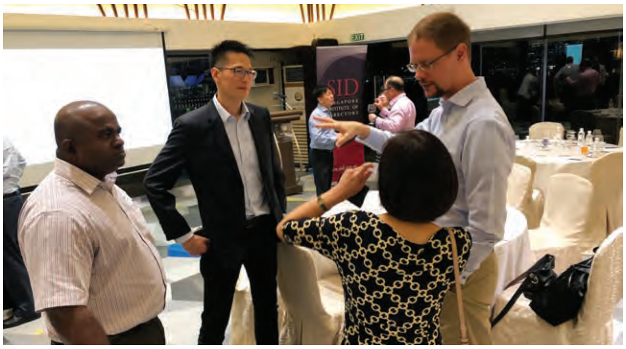
Networking by the Pool

On a balmy evening on 30 May 2018, some 60 SID members gathered at the recently-refurbished Marina Mandarin Pool Garden Pavilion for a SID networking session. Against a stunning backdrop of the iconic Marina Bay skyline, the atmosphere was genial as guests enjoyed one another's company.

It was not all play, however. Members had an opportunity to learn about digital networking and how to leverage LinkedIn to develop their personal brand and corporate network. LinkedIn representatives, Mr Wilson Chen and Mr Edward Chen, shared their top tips on how to create an effective and engaging online profile.

The sharing of thought leadership and investing time to build a strong personal and corporate presence online were discussed. The presenters fielded numerous questions from the audience, including issues regarding corporate branding and professional reputation.

Overall, members both old and new to the SID community found the networking and digital session with LinkedIn a good way to spend the evening, especially with drinks and delicious canapes at hand. ■



Director Appointments

SID members appointed as directors of listed companies during the period 1 March to 31 May 2018

COMPANY	PERSON	DESIGNATION
Asiatravel.com Holdings Ltd	Tay Kah Chye	Independent Director
Asia-Pacific Strategic Investments Limited	Lien Kait Long	Independent Director
Bund Center Investment Ltd	Foo Meng Kee	Independent Director
Camsing Healthcare Limited	Kenneth Raphael Lau Chin Hock	Independent Director
China Star Food Group Limited	Jimmy Ng Poh Khoon	Independent Director
Cordlife Group Limited	Yeo Hwee Tiong	Independent Director
COSCO SHIPPING International (Singapore) Co., Ltd	Ang Swee Tian	Independent Director
Dyna-Mac Holdings Ltd	Juliana Lee Kim Lian	Independent Director
Emerging Towns & Cities Singapore Ltd	Choong Chow Siong	Independent Director
Genting Singapore PLC	Carolina Chan Swee Liang	Independent Director
HL Global Enterprises Limited	Andrew Goh Kia Teck	Independent Director
HL Global Enterprises Limited	Goh Kian Chee	Independent Director
Heatec Jietong Holdings Ltd	Chong Eng Wee	Independent Director
Heatec Jietong Holdings Ltd	Lim Soon Hock	Non-Executive Chairman
Hong Leong Asia Ltd	Tan Chian Khong	Independent Director
Hotel Royal Limited	Pang Eng Fong	Independent Director
iFAST Corporation Ltd	Janice Wu Sung Sung	Non-Executive Director
InnoPac Holdings Limited	Chong Eng Wee	Independent Director
Kori Holdings Limited	Kuan Cheng Tuck	Independent Director
Lum Chang Holdings Limited	Clement Leow Wee Kia	Independent Director
M1 Limited	Tan Wah Yeow	Independent Director
Malaysia Smelting Corporation Berhad	Yap Chee Keong	Independent Director
Metal Component Engineering Limited	Lim Swee Kwang	Independent Director
Mirach Energy Limited	Loo Cheng Guan	Independent Director
Resources Prima Group Limited	Khoo Song Koon	Independent Director
Sen Yue Holdings Limited	Mark Chim Suan Kit	Independent Director
Sinarmas Land Limited	Willy Shee Ping Yah @ Shee Ping Yan	Independent Director
Singapore Medical Group Limited	Stefanie Yuen Thio	Independent Director
Singapore Telecommunications Limited	Gautam Banerjee	Independent Director
Sysma Holdings Limited	Richard Tan Kheng Swee	Independent Director
Tat Hong Holdings Ltd	Nainesh Jaisingh	Non-Executive Director
TMC Education Corporation Ltd	Kwan Chee Wai	Independent Director
TMC Education Corporation Ltd	Woo Peng Kong	Independent Director
Tye Soon Limited	Hee Theng Fong	Non-Executive Chairman
Viking Offshore and Marine Limited	Ng Yeau Chong	Executive Director
Yinda Infocomm Limited	Henry Tan Song Kok	Independent Director

May Day Awards 2018

Distinguished Service
Bob Tan
Kua Hong Pak

Meritorious Service
Tan Hwee Bin

Medal of Commendation (Gold)
Piyush Gupta

Friend of Labour
Ng Chee Yuen

Medal of Commendation
Tan Chong Meng

Plaque of Commendation
Dyna-Mac Engineering Services Pte Ltd

Partner of Labour Movement
Comfort Transportation Pte Ltd & CityCab Pte Ltd
StarHub Ltd

Me, (Do It) Myself, and I

By **THAM SAI CHOY**
Council member, SID

AFTER HOURS

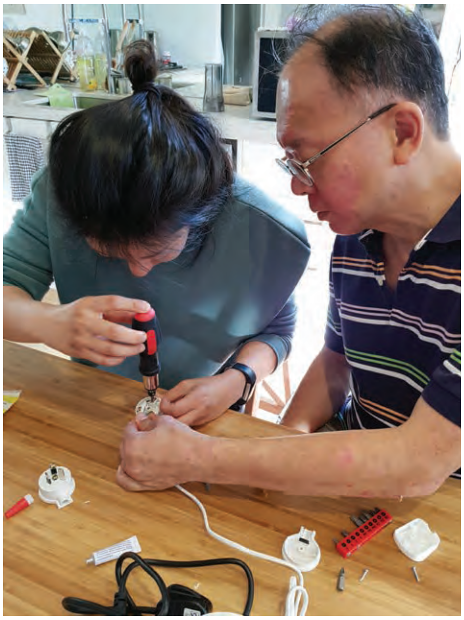
Being social animals, we tend toward leisure activities that can be shared. I, however, find alone time with my do-it-yourself (DIY) projects way more fascinating.

For as long as I can remember, I have always liked doing things with my hands. My father thinks it is in my genes. As a pre-schooler, though armed with just basic tools, I had proven capable of taking apart his expensive oyster-case watch with utmost care, then neatly laying out the pieces on the floor. The watch merchant could only silently protest while my father was beaming with pride, knowing what his young son could achieve with so little. The watch never ticked again, but my father gave me even more tools to DIY with.

I moved on to dabble in carpentry, beaten metal, and rotating windmills running on electric motors, before moving on to the "invisible" world of electronics. It was, for me, a magical moment to find a radio that worked with no "visible" glowing valve inside. The best part – the new battery-run transistor radio did not punish me with electric shocks when I opened it up.

In a desperate attempt to get me to use my time even more constructively, my father sent me for night class. I was enrolled in an adult class on transistors and capacitors when I was 14 years old, learning alongside classmates several times older. Fake police sirens were apparently not a fruitful use of youthful energy, but real hi-fi sets were – at least to my father.

As I grew older, more projects fell into my hands. It is hard to imagine now that there was a time before channel surfing; watching TV in bed was a boring mono-channel affair, especially during winter. Building my own remote control while at university led to some incredulous reactions:



"You mean, you would like to see how I change TV channels in bed?"

At a time before portable devices, assembling computer equipment that travelled with me was just as unexpected, and occasionally expensive when I encountered customs officers who did not understand why anyone needed to travel with a desktop. Things have certainly changed.

Some people know I drive a 14-year-old wagon and (mistakenly) see me as an enthusiast of vintage cars. I see a long list of DIY projects. It started off when I built a Bluetooth hands-free in to my car – probably the first of its kind back then. Seeing reactions of nonplussed motorists watch me chatter into thin air and awe-struck passengers hear thin air talk back, was nothing short of magical.

More recently, self-installing of music streaming device and parking cameras inside my car has given me as much joy as driving itself, as will 3D-printed wireless charging docks and energy-saving LED lights, I suspect.

My house of 40 years offers even more DIY potential. The voice-controlled TV has already banished the remote control of old. Voice assistant Alexa tells the time too, unlike the watch I took apart half a century ago. And possibly, if I natter into thin air the right way, I may get my groceries delivered too! ■

Business Futures Series 3: Sustainability for Directors • 21 March 2018

NonProfit Directors Programme Module 7: Social Trends • 12 April 2018

Listed Company Directors Module 5: Remuneration Committee Essentials • 15 March 2018

Listed Company Directors Programme (Mandarin) • 17-18 May 2018

MasterClass For Directors - Module 1: The Director as an Innovation Driver • 24 May 2018 and Module 3: Strategy at the Board Level • 25 May 2018

So You Want To Be A NonProfit Director • 13 June 2018

SID's Q2 Events (Apr 2018 – Jun 2018)

DATE	TYPE	EVENT DETAILS
3 Apr 2018	Event	Launch of Women on Board Book and ASEAN Corporate Governance Scorecard
4-6 Apr 2018	PD	SDP Module 2: Assessing Strategic Performance
12 Apr 2018	PD	NPD Module 7: Social Trends
13 Apr 2018	PD	CTP 3: Strategic Use of Design in Businesses for Innovation and Transformation
17-19 Apr 2018	PD	SDP Module 1: The Role of Directors
24 Apr 2018	PD	MCD Module 5: Anticipating Risk and Precaution at the Board Level
3-4 May 2018	PD	SDP Module 5: Strategic CSR and Investor Relations
9 May 2018	PD	Directors Compliance Programme
10 May 2018	PD	LCD Module 1: Listed Company Directors Essentials
15 May 2018	PD	Remuneration Committee Chairmen's Conversation
17-18 May 2018	PD	Listed Company Directors Programme (Mandarin)
21-23 May 2018	PD	Governance, Risk Management and Compliance Professional Training Course
23 May 2018	PD	AC Chapter Pit-Stop: The AC's Role in Crisis Management
23-25 May 2018	PD	SDP Module 3: Finance for Directors
24 May 2018	PD	MCD Module 1: The Director as an Innovation Driver
25 May 2018	PD	MCD Module 3: Strategy at the Board Level
30 May 2018	Social	Members' Networking: A Poolside Affair
31 May 2018	PD	CTP 4: Managing Millennials in a Multicultural Work Place
13 Jun 2018	PD	So, You Want To Be A NonProfit Director
17 June 2018	Event	SID Golf Tournament
19 Jun 2018	PD	MCD Module 2: Value Creation for Private Owners and Directors
19-22 Jun 2018	PD	IDP Module 1: Board Effectiveness and Dynamics
20 Jun 2018	PD	CTP 2: Sustainable Financing
21 Jun 2018	PD	CTP 5: Data and Insights-Driven Digital Innovation
27 Jun 2018	PD	Board and Director Fundamentals
28 Jun 2018	PD	AC Chapter Pit-Stop: Getting Ready for FRS 116 (Leases)
29 Jun 2018	PD	Director Financial Reporting Fundamentals

Upcoming Events

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
SDP Module 1: The Role of Directors	4-6 Jul 2018	0900 to 1730	SMU Campus
So, You Want To Be A Director	5 Jul 2018	1030 to 1300	Capital Tower
Family Business Director Fundamentals	18 Jul 2018	0900 to 1730	M Hotel
CTP 6: Executive and Director Remuneration	26 Jul 2018	0900 to 1100	Capital Tower
BFS Module 1: Disruptive Technologies for Directors	31 Jul 2018	0900 to 1530	Accenture Liquid Studio
SDP Module 2: Assessing Strategic Performance	1-3 Aug 2018	0900 to 1730	SMU Campus
Startup Director Fundamentals	3 Aug 2018	0900 to 1730	BASH
CTP 7: Protecting Your Governance Premium – Best Practices for Board Effectiveness	14 Aug 2018	0900 to 1100	Capital Tower
Director Financial Reporting Fundamentals	15 Aug 2018	0900 to 1730	Capital Tower
Governance, Risk Management and Compliance Professional Training Course	27-29 Aug 2018	0900 to 1730	M Hotel
Social Enterprise Director Fundamentals	31 Aug 2018	0900 to 1300	Crossings Cafe
SDP Module 3: Finance for Directors	5-7 Sep 2018	0900 to 1730	SMU Campus
Directors Compliance Programme	18 Sep 2018	1300 to 1730	Capital Tower
Board and Director Fundamentals	19 Sep 2018	0900 to 1730	M Hotel
IDP Module 2: Board Efficiency and the Role of Committees	24-26 Sep 2018	0900 to 1730	INSEAD Campus
LCD Module 1: Listed Company Directors Essentials	25 Sep 2018	0900 to 1730	Marina Mandarin Singapore
CTP 8: Board Dynamics	26 Sep 2018	0900 to 1300	Marina Mandarin Singapore
BFS Module 2: Cybersecurity for Directors	28 Sep 2018	1300 to 1700	Aperia Tower
SDP Module 4: Risk and Crisis Management	4-5 Oct 2018	0900 to 1730	SMU Campus
LCD Module 6: Investor and Media Relations Essentials	9 Oct 2018	1230 to 1730	Marina Mandarin Singapore
CTP 9: Board Performance	9 Oct 2018	0900 to 1230	Marina Mandarin Singapore
LCD Module 2: Audit Committee Essentials	10 Oct 2018	0900 to 1230	Marina Mandarin Singapore
LCD Module 3: Risk Management Essentials	10 Oct 2018	1230 to 1730	Marina Mandarin Singapore
LCD Module 4: Nominating Committee Essentials	16 Oct 2018	0900 to 1230	Marina Mandarin Singapore
LCD Module 5: Remuneration Committee Essentials	16 Oct 2018	1230 to 1730	Marina Mandarin Singapore
Listed Company Directors Programme (Mandarin)	18-19 Oct 2018	0900 to 1730	China
CTP 10: Anti-Money Laundering and Countering Terrorist Financing	23 Oct 2018	0900 to 1100	Capital Tower
SDP Module 5: Strategic CSR and Investor Relations	1-2 Nov 2018	0900 to 1730	SMU Campus

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
LCD Module 1: Listed Company Directors Essentials	8 Nov 2018	0900 to 1730	Marina Mandarin Singapore
LCD Module 6: Investor and Media Relations Essentials	14 Nov 2018	0900 to 1230	Marina Mandarin Singapore
LCD Module 2: Audit Committee Essentials	28 Nov 2018	0900 to 1230	Marina Mandarin Singapore
LCD Module 3: Risk Management Essentials	28 Nov 2018	1230 to 1730	Marina Mandarin Singapore
LCD Module 4: Nominating Committee Essentials	29 Nov 2018	0900 to 1230	Marina Mandarin Singapore
LCD Module 5: Remuneration Committee Essentials	29 Nov 2018	1230 to 1730	Marina Mandarin Singapore
Governance, Risk Management and Compliance Professional Training Course	26-28 Nov 2018	0900 to 1730	Marina Mandarin Singapore
SDP Module 6: Effective Succession Planning and Compensation Decisions	29-30 Nov 2018	0900 to 1730	SMU Campus
IDP Module 3: Development of Boards and Directors	11-13 Dec 2018	0900 to 1730	INSEAD Campus

Other Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
Board Chairmen's Conversation	13 Jul 2018	1200 to 1400	Ritz Carlton
AC Chapter Pit-Stop: Harnessing the Full Potential of Internal Audit	19 Jul 2018	0900 to 1100	PwC
Board Risk Committee Chairmen's Conversation	23 Aug 2018	1200 to 1400	Shangri-La Hotel Singapore
AC Chapter Pit-Stop: Base Erosion and Profit Shifting and other Tax Implications for Boards and ACs	27 Sep 2018	0900 to 1100	EY
Nominating Committee Chairmen's Conversation	3 Oct 2018	1200 to 1400	Sofitel City Centre
CEO Conversation	26 Oct 2018	1200 to 1400	Fullerton Hotel

Major Events

EVENT	DATE	TIME	VENUE
Singapore Corporate Awards	18 Jul 2018	1800 to 2200	Resorts World Sentosa
Singapore Governance and Transparency Index Launch	6 Aug 2018	0900 to 1100	Marina Mandarin Singapore
SID Directors Conference	7 Sep 2018	0900 to 1630	Marina Bay Sands
Singapore Directorship Report	Early Oct 2018	0900 to 1100	Marina Mandarin Singapore
Annual Corporate Roundup	20 Nov 2018	1000 to 1330	Orchard Parade Hotel

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

Welcome to the Family

March 2018

Chatri Banchuin

Ajay Bhattacharya

Carolina Chan

Kelvin Chow

Choy Siew Kai

David Crestani

David Justinus Emery

Wolfram Alexander Marcel Hedrich

Melissa Heng

Ian Hong

Lim Kok Siong

Carolyn Ann Buchanan Lints

Emlyn Lum

Alexander Pang Chong Ren

Rahul Keshav Patwardhan

Peng Wong

Supriya Sen

Barbara Seng Suet Shee

Beni Sia

Brandon Su Yizhi

Tan Lee Thong

Tammy Teo

Daniel Teo Teow Hock

Stefan Ullrich

Vidula Verma

Nandini Vijayaraghavan

Wong Kan Seng

Yeh Chien Ee

Alvin Yeo

Christine Zhang Xiu Xiu

April 2018

Parvati Banati

Alson Boo

Johnny Chan Gai Meng

Chan Wai Keong

Laurence Whitefield Chin

Gerard George

Jessie Goh Chwee Cheng

Kathy Goh Mui Kheng

Rajeev Karpe

Khoo Boo Kian

Koh Phee-Wah

Sriram Iyer Krishnamurthi

Jaslin Lau

Kitson Leonard Lee

Liew Kien Peng

Anthony Lim Wei Loong

Simon Philip Lints

Yvonne Liow

Low Chia Wing

Albert Maknawi

John Philip Neal

Joanne Ng Seok Woh

Edwin Ong Chi Yang

Sundar Polavaram

Navjyot Singh Sachdev

Corrinne Sim

Imogene Siw

Enriqueto Montealto Soriano

Tan Gheng Een

Tan Kok Peow

Tan Wee Meng

Teoh Sze Min

Kristian Martyn Vandermeer

Margie Warrell

Yeo Mui Sung

Narinder Kapoor

May 2018

Andries De Vos

Grant Ferguson

Nicholas Gleeson

Benjamin Goh

Grace Goh Meow Cheng

Samitha Karunarathne

Ivan Lau Eng Kien

Catherine Lee

Eliza Leong Kum Yin

Ginney Lim May Ling

Liong Tong Kap

Liow Meow Kee

John Edward Matheson

Ken Ng Chen Kok

Ng Yat Chung

Prerna Puri

Viswanathan Ramachandran

Ajit Shah

Szu Wei Kuang

Tan Han Beng

Stefan Gerard Tan Hsien Ma

Tan Kok Joo

Audrey Tan Seok Hoong

Ricky Tan Teck Yong

Joy Tan Whei Mien

Hendra Tandi

Marsha Vande Berg

Mark Wong Kuan Meng

SID Governing Council 2018

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Willie Cheng

FIRST VICE-CHAIRMAN
Tham Sai Choy

SECOND VICE-CHAIRMAN
Soh Gim Teik

TREASURER
Gerard Tan

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Robert Chew
Wilson Chew
Ferdinand de Bakker
Junie Foo
Philip Forrest
Pauline Goh
Theresa Goh
Lee Chong Kwee
Lee Kim Shin
Lee Suan Hiang
Ng Wai King
Poh Mui Hoon
Tan Boon Gin
Tan Yen Yen
Wong Su-Yen

REBOOTING GLOBALISATION
SID DIRECTORS CONFERENCE 2018

THE MUST-ATTEND ONE-DAY ANNUAL CONFERENCE FOR DIRECTORS AND BUSINESS LEADERS

Friday, 7 September 2018 | 9.00 am to 4.30 pm
Marina Bay Sands, Sands Grand Ballroom

Organised By: SID SINGAPORE INSTITUTE OF DIRECTORS

Supported By: ACRA ACCOUNTING AND CORPORATE REGULATORY AUTHORITY · Enterprise Singapore · SINGAPORE ACCOUNTANCY COMMISSION · SGX

PLENARY SPEAKERS

Business: A Force for Good or Bad in a Globalised World?
Ilian Mihov
Dean and Professor of Economics, INSEAD

One World, One Company: The Need to Build Truly Global Companies in the 21st Century
Fredrik Haren
Founder, interesting.org

PLENARY PANELS

Globalisation 2.0: Implications and Role for Asia Leaders
Tommy Koh, *Ministry of Foreign Affairs*
Ho Kwon Ping, *Banyan Tree Holdings*
Chandran Nair, *Global Institute For Tomorrow*
Sally Uren, *Forum for the Future*
Ilian Mihov, *INSEAD*

One World, One Company: The Need to Build Truly Global Companies in the 21st Century
Teo Lay Lim, *Accenture*
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