

**DIVERSE THOUGHTS ON
DIVERSITY**



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of Inclusivity
in a Diverse
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It's time again to catch up
with your fellow directors
and on the year's happenings
and forecast for next year



SID Corporate Governance Roundup 2017

Date:	Monday, 20 November 2017
Venue:	Antica Ballroom, Orchard Parade Hotel
Programme:	9.30 am Registration / Coffee 10.00 am Annual Corporate Governance Roundup 12.00 pm Lunch 1.15 pm Event Ends

SID members only:

1.00 pm	Registration Opens for SID AGM and EGM
1.30 pm	SID AGM Commences, followed by EGM

Cost:	\$60 for SID Members \$90 for Non-Members <i>(All attendees will receive a complimentary copy of the Corporate Governance Guides Notebook)</i>
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The Corporate Governance Roundup event has now become a regular on the directorship scene. The SID Council provides a quick refresher on 2017 happenings and what to expect in 2018.

Hot topics covered are:

- Regulatory Updates
- Professional Development
- CG Rankings
- Board of Directors Survey
- Board Diversity
- CG Code Changes
- Cyber Security and PDPA
- AC Developments
- Nonprofit & Social Enterprise Directorship
- Sustainability

The event is also an opportunity to meet up and network with your fellow directors in a convivial atmosphere. Note that the roundup precedes the AGM and EGM for SID members.

Register for the event at www.sid.org.sg



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Who's On Board with Diversity?



By **WILLIE CHENG**
Chairman, SID



DIRECTIONS

In this issue of the Directors' Bulletin, we take a diverse look at the subject of board diversity.

The conventional wisdom is that diversity improves board performance. Which might explain why most codes of corporate governance, including Singapore's, highlight it as an important attribute of an effective board.

The rationale is that diversity reduces groupthink and uncritical conformity and, thus, results in better board decisions. However, behavioural studies show that this is not always the case; that diversity can, in fact, create fault lines that impair communication and cooperation.

Instead, Eugene Kang argues that attributes and context (such as occupational, industry and teams) matter more in determining the impact of diversity (see page 6). Darragh Ooi and Max Loh, meanwhile, believe that inclusivity and a sense of belonging, respectively, are more critical in realising the benefits of diversity (see pages 12 and 14).

There are, of course, many dimensions of board diversity: skills, experience, gender, age, ethnicity, geography, and so on. In this issue, we cover several of these aspects including the continuing demand for digital directors.

However, it is gender diversity that gets the most airtime. And for good reasons. Mr Sid explains it best as he responds to a common observation that

some parties are going overboard on the subject to the detriment of other dimensions of board diversity and more important matters in the company (see page 32).

These issues aside, board diversity continues to be a priority at SID. Some of our actions and initiatives in this area include:

- Getting over 200 listed companies to sign a board diversity pledge in 2015, when we launched the Nominating Committee Guide, which, among other matters, provides guidance on diversity.
- Recognising diversity as a key criterion in board composition through our corporate governance benchmarks (SGTI and ASEAN Corporate Governance Scorecard) and Best Managed Board Award, as well as conferring the Special Recognition Award for board diversity at this year's Singapore Corporate Awards (see page 74).
- Encouraging and including women directors in the shortlists of candidates for the SID Board Appointment Service.
- Producing an upcoming book on women corporate directors and their experiences.
- Ensuring diversity on our Governing Council, committees, staff, and speakers at our forums and events.

As you can see, we seek to walk the talk. Our sincerest hope is that you can get on board the diversity wagon – if you are not already. ■

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

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Disconnects on Diversity

By
ASSOCIATE PROFESSOR EUGENE KANG
Nanyang Business School, Nanyang Technological University



The conventional wisdom is that diversity leads to better team performance. Does it really? Research results are mixed. They show that the benefits of diversity depend more on attributes and context than having diversity for diversity's sake.

Board diversity in Singapore has received much media coverage in recent years. A search of news articles from 2010 onwards revealed 107 articles that primarily touched on diversity.

The conventional wisdom seems to be that more diverse boards are likely to perform better than boards dominated by similar others. However, such conventional wisdom is not readily embraced in corporate boardrooms.

The 2014 *Singapore Board Diversity Report* states that only 7.7 per cent of boards displayed gender, ethnic and age diversity. More recently, the 2016 *SID-ISCA Singapore Directorship Report* finds low gender diversity numbers. At the same time, the PwC guide, *Board Diversity Disclosures in Singapore*, states that “there has been a general reluctance by directors to implement more formal arrangements to increase board diversity.”

There also appears to be a growing disconnect between such conventional wisdom and research findings in the academic community.

Most of the 107 news articles from 2010 onwards espouse the benefits of a diverse board while only a few highlights the hazards of diversity.

In contrast, research evidence emphasises that diversity does not necessarily result in good outcomes.

The fundamental question of whether diversity necessarily leads to better performance needs to be examined with reference to rigorous and relevant research studies.

A clearer understanding of the underlying mechanisms that link diversity to performance enables corporate leaders to better craft and implement diversity policies. More importantly, awareness of the limits of diversity guards against pushing diversity for its own sake and shifts the focus to generating sustainable benefits.

Impact on Performance

Team diversity is defined as the differences among team members along a specific attribute. Some attributes, such as functional background and tenure, have a more direct impact on team performance while the impact of other attributes, such as gender and age, are less direct.

Studies have shown that diversity can sometimes improve team performance, but at other times, it can hinder team processes. (See box: “Does Diversity Improve Team Performance?”)

Does Diversity Improve Team Performance?

**Yes,
it does**

The argument is that differences among task-oriented attributes, such as education, function and tenure, contribute to a team's cognitive resource base. This creates an increased range of knowledge, skills and perspectives to draw on in decision-making, thus leading to better performance.

According to a 2011 study ("Getting specific about demographic diversity variable and team performance relationships" by Bell, Villado, Lukasik, Belau and Andrea Briggs in *Journal of Management*, Vol 37, Issue 3), functional background diversity is positively associated with general team performance, including team creativity and innovation. The study also found that education background diversity of top executives is similarly associated with team performance, creativity and innovation.

**No,
it does not**

The reason is that more relations-oriented attributes, such as gender and age, may engender biases and negative attitudes toward dissimilar team members. This creates fault lines that impair communication and cooperation within teams, thus leading to lower performance.

According to a 2009 study at the University of Illinois ("The role of context in work team diversity research" by Joshi and Roh in *Academy of Management Journal*, Vol 52, Issue 3), about 60 per cent of associations for various diversity attributes on performance were not significant, 20 per cent were positive associations while the remaining 20 per cent were negative.

A meta-analytic review on cultural diversity in 2010 ("Unravelling the effects of cultural diversity in teams" by Stahl, Maznevski, Voigt and Jonsen in *Journal of International Business Studies*, Vol 41) used data from 108 different studies comprising 10,632 teams. The review failed to find any direct relationship with overall team performance. Instead, it found that cultural diversity was found to create task conflict and lower social integration, but it did lead to increased team creativity and satisfaction.

The mixed results suggest that the impact of diversity on team performance occurs via a more complex process than previously thought.

However, outcomes need not be all about overall team performance. Intermediate team outcomes that are attitudinal (such as conflict and cohesion) or behavioural (such as turnover or absenteeism) are also important.

Thus, understanding the impact of each diversity attribute on team performance through intermediate outcomes, such as conflict and creativity, may be more fruitful than finding an overall effect on team performance.

Context Matters

Beyond understanding how a given diversity attribute influences team performance through intermediate outcomes, it is important to note that the context matters too.

The box, “Context that Count” highlights three contexts that matter in diversity impact: occupational, industry and team.

Beyond this study, the findings of other studies also suggest that the relevant context differs for different diversity attributes.

For instance, a 2014 study on board gender diversity (“The double-edged nature of board gender diversity”, *Organization Science*, Vol 25, Issue 2), concluded that gender diversity “is double-edged because it can propel or impede strategic change depending on firm performance and the power of women directors.”

Similarly, another study in 2012 (“Cognitive team diversity and individual team member creativity”, by Shin, Kim, Lee and Lin in *Academy of Management Journal*, Vol 55, Issue 1) found that team cognitive diversity is positively

Context that Count

The 2009 study of context in work team diversity by Joshi and Roh identified three important contexts in determining the impact of diversity: occupational, industry and team.

Occupational context

This refers to demographic compositions in certain occupations. For instance, production engineers are likely to be dominated by males. Hence, female engineers may be “targets of negative stereotypes enhancing the salience of gender as a basis for categorising when men and women work together in a production team.”

As a result, gender diversity is more likely to have a negative performance effect in occupations dominated by a gender. In contrast, gender diversity is less likely to negatively impact performance in a more gender balanced occupational context.

Industry context

This refers to the industry type a firm competes in: service, manufacturing or high technology. The study results show that relations-oriented diversity (such as ethnicity, gender and age) had a positive effect on performance in the service industry, but a negative effect in manufacturing or high technology industries.

Team context

This refers to the interdependence of team members to work towards a common goal or outcome. The findings show that relations-oriented diversity is positively related to performance among teams with low interdependence but negatively related to performance among teams with moderate to high interdependence.

Team context can also refer to the length of time a team is expected to exist. The performance effect of relations-oriented diversity was found to be positive in relatively short-term teams but became negative in more stable or long-term teams.

associated with individual member's creativity under conditions of high transformational team leadership, but this association turns negative under low transformational leadership.

Overall, these and other studies demonstrate that the impact of diversity attributes on team outcomes varies across context and cannot fit neatly into a generalised statement.

Practical implications

The research evidence is clear: diversity is a double-edged sword.

There is little support for the notion that increasing diversity will necessarily increase team performance. Nonetheless, the research findings in no way suggests that diversity should be shunned. Instead, two key points emerge.

First, research has highlighted the possibility that each diversity attribute may impact performance in different ways. Thus, it is important to know the specific mechanisms in which an attribute affects intermediate outcomes so as to better understand the overall impact on performance.

Second, research shows that context matters. Contexts can weaken or strengthen diversity effects. Diversity effects can double or triple depending on the context. Also, a diversity attribute may be positively associated with an outcome in one context but the association may turn negative in another context.

What boards can do

Beyond increasing awareness of these two key points, corporate boards can take practical steps to substantively improve board composition for better performance.

One step that boards can take is to pay attention to the leadership of the board. The board chair is instrumental in managing diverse boards to encourage the airing of different viewpoints

which are subsequently discussed in an open and non-hostile manner.

Diverse boards can develop fault lines that create in-group and out-group experiences that hinder effective communication among board members. Hence, the board chair should be adequately equipped to manage diverse boards. Similarly, directors in diverse boards should also be trained to relate effectively with dissimilar others.

Another step is to acknowledge that surface-level attributes, or overt demographic characteristics that can be easily observed or reasonably estimated, have been receiving a lot of emphasis.

For instance, of the 107 news articles on board diversity in Singapore, 77 articles focused exclusively on gender diversity while 27 mentioned gender diversity together with other attributes, such as skill, culture, age, geography, ethnicity, tenure, education and experience diversity. These are largely surface-level attributes.

However, there is some evidence that deep-level attributes also matter. Deep-level attributes refer to "a range of psychological variables on which people differ," and include attitudes, personality factors, values, and abilities.

Attributes such as individual director's agreeableness, conscientiousness, openness to experience, collectivism, preference for teamwork, mental ability and emotional intelligence also impact team performance. However, these have received less attention and are somewhat overshadowed by surface-level attributes such as gender diversity.

In summary, diversity is never an end state but a means to an end. For diversity to be substantive, we must know the desired end state and how diversity can be managed to achieve that end. Diversity may not necessarily increase performance, but the lack of diversity may decrease it. ■



The Importance of Inclusivity in a Diverse Workplace

By

DARRAGH OOI

Director, Business and Society Practice, Brunswick Group

Inclusivity in the workplace is needed to unlock the benefits of diversity. An inclusive culture tends to have a high degree of trust and engagement among employees.

Creating and sustaining a diverse workforce is a necessity in this day and age, especially in multicultural Singapore. This may pose a challenge for organisations, but the bigger challenge actually lies in how a company can unlock the benefit of that diverse workforce once it is in place.

After all, what value is there in diversity if employees from social or cultural minorities are not engaged, adequately represented in discussions or made part of decision-making processes?

Inclusivity

A truly inclusive organisation finds itself to be more productive, creative and efficient because of the ideas and processes that come from a wider range of people with a broader world

view. A *Forbes'* study found that companies at levels three and four of the Deloitte Talent Management Maturity Model (see diagram), which are labelled "inclusive" and "managed" talent companies, were nearly twice as likely to be change-ready and inclined to be the innovation leaders in their market.

In a recent article in the *Brunswick Review*, Jonathan McBride, Global Head of Inclusion & Diversity, BlackRock, said, "What we're trying to prove – and measure – at BlackRock is that when people feel included, they're more innovative, work harder, are better teammates, and stay with their company longer. They may even work for less money – which isn't the point, but illustrates just how much inclusion matters to them as individuals, and how it

Talent Management Maturity Model



Source: Bersin by Deloitte, 2015

could maximise the performance of your team. If I have a manager who's favouring three people over the other 10 in their group, I'm still paying all 13, but getting a disproportionate number of ideas from three. That's an inefficient way to run a business."

The goal is conceptually simple – to create a working environment in which everyone feels included and believes their opinion matters, leading to a more progressive, innovative organisation.

Making this goal a reality however, is deeply complex, highly nuanced and it is very difficult to know whether progress is being made. This is because it often involves cultural change within an organisation – not something that a new policy or a single initiative can address.

Trust

Arguably the most important factor at play here is trust in the organisation itself. Research has shown that a company in which employees have a higher degree of trust in the business and its management is more likely to have an inclusive culture.

Trust, unlike diversity, is difficult to quantify, which may be why companies prefer to focus on diversity with its training programmes and metrics, even though the benefits of these are often unproven and can be counterproductive.

There is no magic bullet for creating trust, but at the heart of it lies a strong programme for employee engagement that allows people to express themselves fully, reflects the variety of opinions and beliefs within the workforce and tells the story of the business in a way that everyone recognises and feels part of. Achieving this is about equipping leaders so they become better, more authentic communicators that ensure everyone understands the value they place in fostering inclusion at work.

As McBride puts it: "Our theory is, you need to get a number of key people on board for the culture to tip over. And then it becomes hard not to behave this way. Because who doesn't want to be included at work? If you believe the research, if you believe that diverse, inclusive teams are going to out-produce, why would you want to be on the second-best team?" ■



THE POWER OF BELONGING

By **MAX LOH**

A focus on diversity and inclusiveness has been linked to improved business performance but it may fail to deliver impact if a culture of belonging is absent.

Often, we read and hear of the importance of diversity and inclusiveness (D&I) in business.

Diversity is about heterogeneity where multi-dimensional attributes of individuals, such as background, education, gender, ethnicity, nationality, age, working style and skills, are reflected in the mix of a team. Inclusiveness is about harnessing these differences and creating an environment where all people feel, and are valued.

Numerous research has shown that organisations with diverse teams that are led inclusively outperform those with homogenous ones. Thus, many organisations increasingly advocate and focus on D&I. However, these aspirations may not always translate into the desired attitude changes, actions and outcomes on the ground.

For one, it is a fallacy that having a diverse team naturally yields positive outcomes. It does not – at least not until the act of inclusion brings

differences together in a purposeful manner. Even then, D&I efforts can still fail to deliver impact.

The failing may be well summed up by Pat Wador, SVP of Global Talent Organization at LinkedIn: “D&I grabs my intellect – it’s an organisational challenge that must be addressed – but not my heart.”

Capturing the heart

Capturing “hearts” is crucial, because it is when we feel that we belong will we be more motivated, engaged and hence, perform better. Belonging is about feeling that we are part of something, and that we are seen and valued for our unicity.

As team members and leaders, we shape the organisational culture through what we expect, reinforce and reward, which influences whether people have positive or negative experiences. Each of us may have very different experiences, and depending on the situation, we may be more or less likely to feel like we belong.

Simply put, if diversity is the mix of the team, and inclusion is the atmosphere that you create to embrace and leverage diversity, then belonging is the feeling that you can be your authentic self within that inclusive environment based on your lived experience. The three are interrelated, interdependent and inextricably intertwined.

The board's influence

Just as how a sense of belonging may elude teams, the same can happen to boards. For boards, belonging is a tricky and complex concept.

The board is a group of individuals that operate as a collective. At the same time, good board governance comes from robust board composition and successfully harnessing the diverse perspectives of the right mix of directors that reflect the nature and priorities of the business.

Fostering a culture of belonging on boards necessarily means every director being given the voice and opportunity to contribute and raise issues in a safe environment. It is not about directors being congenial and best friends. Importantly, a sense of belonging among board members should not lead to groupthink, which contradicts the principles of diversity of thought.

The board chair has a crucial role to play. Among other responsibilities, the chair should promote a culture of openness and debate at the board, where directors can contribute authentically. Board directors should still be able to hold the diverse perspectives that led to their board appointment, but feel belonged enough to voice their differences freely.

Further, the board sets the tone at the top. Given its role in selecting the CEO and members of the leadership, it can help to steer the corporate culture and the underpinning values through discerned choices.

The board also has the prerogative, as part of its oversight role, to hold the management accountable for organisational excellence, including driving team diversity and a culture of belonging so that the merits of diversity is brought to bear.

Ensuring that a culture of belonging exists, whether within the board itself or throughout the organisation, does not happen by chance. Often, in reality, there is a disconnect between perceptions of belonging and how individuals actually feel.

Therefore, as with any change or intervention programmes, boards should drive management to take a critical view of where their organisation is at and where they desire it to be – and by when, as well as the enablers and actions to make it happen.

Even with programmes in place, organisations may not effectively measure their progress or efficacy. Just like sales or any investment projects, knowing the “ROI” is important and boards should request management for relevant updates.

Yet, there is often also a data disconnect, where organisations struggle to articulate clear metrics for diversity in the first place, let alone culture. Where there are metrics, capturing the needed data in a usable manner for further analysis can be a challenge.

If we accept that organisational culture is a predictor of corporate health and success, then it ought to be managed and measured no matter how intangible it is as an asset – or a potential liability. A culture of belonging has economic value – do not let it elude you. ■

Max Loh is EY Asean and Singapore Managing Partner, Ernst & Young LLP. The views in this article are his and do not necessarily reflect the views of the global EY organisation or its member firms.

Crossing Borders

In today's globalised world, having directors of different nationalities and geographies represented on the board is an important aspect of board diversity. What is it like to be a foreign director on a board? Two Singaporeans who have served on both local and foreign listed boards, Ms Tan Yen Yen and Mr Lim Chin Hu, share their experiences.



Lim Chin Hu

Being Singaporean has its benefits

Having served as an ID on the boards of local and foreign companies, I know firsthand that nationality diversity can add value to the boardroom and steer business strategies toward positive outcomes.

At Kulicke & Soffa – an American pioneer in the semiconductor equipment space with 70 per cent of its business coming from Asia – where I was the first and only non-American ID when I was appointed, my opinions were sought and well-received. I could weigh in on issues without prejudice. I found that being a Singaporean director has its advantages: A Singapore director comes across as having the right amount of multiracial and multicultural sensitivities, and honesty and integrity. It did not hurt that Singapore is a country lauded for its good corporate governance.

I have enjoyed my appointments as foreign ID, but there are challenges. The long-haul travel (to attend six or more board meetings a year

for the larger boards) and time needed for conference calls that take place with different time zones. A foreign ID also needs to be quick with the uptake on subtle differences in the way boards and shareholders react across countries (even though principles of governance are largely universal). For example, there are independent proxy advisers in the US who counsel shareholders on board resolutions. Shareholder activism is also much more rampant there than they are in Asia.

That said, to contribute effectively as a foreign ID, one needs a positive learning attitude, empathy to consider the viewpoints of others, and assertiveness – with the last possibly being the most critical, so that we are heard on issues we feel strongly about.

Lim Chin Hu is Managing Partner of Stream Global. He serves on the boards of Kulicke & Soffa (Nasdaq), G-Able (Thailand), Citibank Singapore and Heliconia Capital Management Ltd. He was formerly on the boards of Telstra Australia (ASX) and Keppel DC REIT (SGX).



Tan Yen Yen

Overcoming challenges of being a foreign ID

Foreign directors add to board diversity. I suppose I checked two boxes – being female and foreign – when I joined the board of Gemalto, a leading global digital security company, listed on Euronext Amsterdam and Paris.

However, I was neither the only female nor the only foreign director on this 11-member board. It is a truly international board with members hailing from the US, France, The Netherlands, France, UK, Germany and Asia. Add to that the gender mix (three females), age differences (at least two generations), and digital directors on board, it is a melting pot of a board.

The conventional wisdom is that diversity adds to constructive debate. I cannot argue against it. I have found Gemalto's board discussions rich with varied perspectives that I have not typically experienced on more homogenous ones. The board benefits from an understanding of the regulatory approaches of the differing jurisdictions, as well as best practices.

However, there are challenges associated with having foreign directors on boards.

For instance, studies show that heterogeneity can impede communication and cooperation within groups. Fortunately, at Gemalto, I found that open-mindedness – on the part of local and foreign directors – has been key to us leveraging versus stumbling over the differences in culture and background.

The second obstacle lies in the lack of physical proximity between foreign directors and corporate headquarters, making it difficult for foreign directors to attend board meetings and interact with management and other directors.

My experience is that good planning and technology can mitigate this issue of distance. For example, the venue of board meetings can be rotated to include the countries where foreign directors are located and where the company has a market presence. In fact, exposing all directors to different company locations serves to broaden their horizons and contextualise issues.

Discussions outside of the regular physical board meetings, can be carried out via the internet and social media. Board portals now enable directors to review, update and comment on the contents ahead of meetings in any location.

I am glad to have the opportunity to be exposed to an international board. I have benefitted and it has broadened my board experience. ■

Tan Yen Yen is President, Asia Pacific, Vodafone Global Enterprise. She currently serves on the boards of Gemalto (Euronext Amsterdam, Paris), Singapore Press Holdings, Singapore Science Centre, DSTA, and Cap Vista.

Growth of the Digital Director

By

AUDREY TAN

Managing Director, Russell Reynolds Associates

The number of digital directors is slowly but surely rising. In today's business climate, it is increasingly important for directors to be digitally literate, or at the very least, for companies to have a digital strategy that is led by a director fluent in digital speak.

These days, we are hard-pressed finding a company that has yet been “touched” by digital, one way or another. And as hackneyed it is a word, digital is something no boards should not do without.

As economies get digitalised, boards need to look into implementing a digital business strategy, or at the very least get themselves digitally literate, and eventually, digitally fluent – fast.

Increase in digital directors

When Russell Reynolds Associates first started tracking on how the digital role was panning out in the boardroom back in 2012, “digital” was still a concept that required much fleshing out.

Within a year, 18 of the top 300 companies in the US, Europe and Asia were found to have highly digital boards (defined as having two or more digitally-savvy directors). Not surprisingly, half of these boards were from technology companies. At the time, these early adopters already understood that to drive the transformation agenda, there must be a digital sponsor in the boardroom.

Though there has been growth in the number of board leaders becoming more digital-savvy and highly digital boards, it seems to be tapering. In

the latest review of the top 300 companies, we observed a six per cent increase in digital directors between 2014 and 2016 (from 116 to 123 digital directors). However, digital directors still account for fewer than five per cent of total directors.

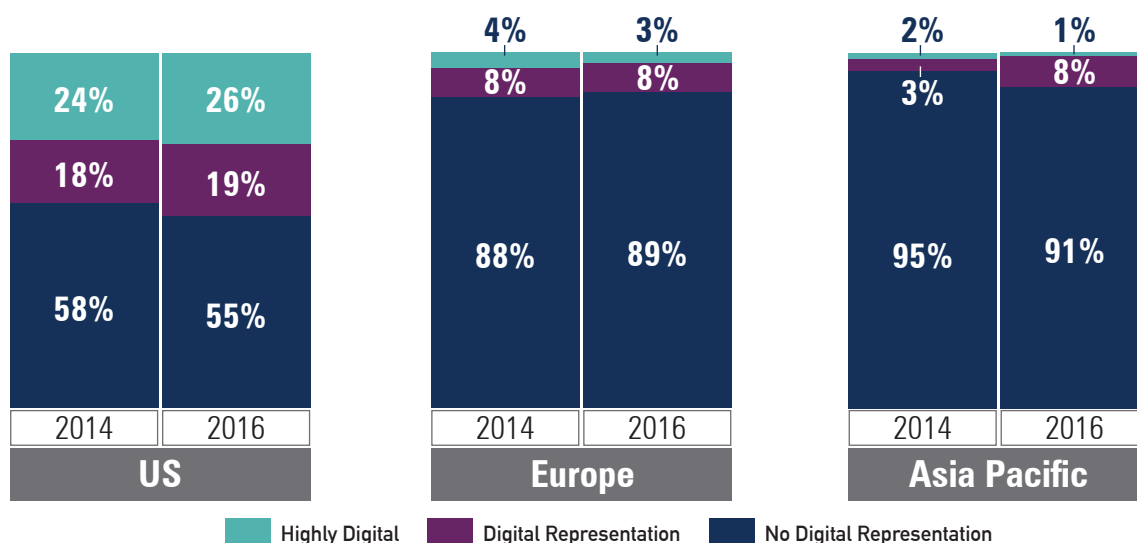
The US continues to account for the majority of digital director placements (76 per cent of new appointments in the past two years were to the board of US companies). There has been little to no change in European companies but a slight increase in the trend across Asia Pacific boards.

Types of digital directors

Early role descriptions for the addition of digital directors were focused on reacting to immediate disruption. Over the past five years, however, we have seen the role mature into four categories of leaders:

- **Digital Thinker.** Has had little direct interaction with digital as an operator, but conceptually understands the digital environment. He has been a non-executive director or adviser in digital business, but is not a digital native.
- **Digital Disruptor.** Has been deeply embedded in digital, often with experience from a pure-play company. This type of leader typically has less general management breadth.

Digital Directors in the Global 300 by Region



- Digital Leader.** Has had substantial experience running a traditional business which leverages digital in a significant way (i.e. retail or media). This person likely has less hands-on digital experience but has managed disruption as a general manager.
- Digital Transformer.** Has led or participated in a transformation of a traditional business. Typically, he does not have the seniority of a digital leader, but is more digitally astute.

Though there is a continuous need for digital disruptors at the board level, we are increasingly seeing and encouraging the appointment of leaders from the fourth category – digital transformers – specifically in the US and to some extent, Europe.

In Singapore, we tend to see a unique hybrid of digital disruptor and digital leader on boards here. These leaders possess in-depth digital knowledge from a pure-play background coupled with strong general management experience. They include Aliza Knox (Unlockd and formerly Twitter, and director of SingPost), Alexander Kleinberg (Twitter and director of GovTech), Janet Ang (IBM and director of SPH) and Tan Yen Yen (Vodafone and director of SPH).

Charting the digital agenda

Digital directors cannot, however, be the only voice on the subject of transformation. While the four profiles are the most common among the catalyst appointments we see, the distinction between digital versus non-digital directors is getting blurred.

Nearly three decades into the “internet revolution”, executives across all industries are now digitally literate, if not fluent. As we transit into the hybrid phase of transformation (in which digital companies acquire brick-and-mortar businesses, and traditional businesses that have been reorganised end-to-end) the definition of digital has become fragmented.

We counsel our clients to be wary of “single use” board members – the ability to contribute to all governance matters is a critical competency of any board appointment. Ultimately, companies should look for leaders with strategic, general management backgrounds who can also speak with authority on customer perspective, vision and strategy, leadership and culture and who bring commercial and investment acumen. In 2017, every board should be digitally literate and every digital strategy should be represented in the boardroom by a leader with digital fluency. ■



Embracing Age Diversity

By

ELIZABETH KONG

Director, Morgan Lewis Stamford LLC

Age diversity in the boardroom is seldom preached or practised. But boards whose members come from different generations can result in greater insights and better-informed decisions. However, inclusiveness, rather than tokenism, is key to reaping the benefits.

Over the last two decades, a lot of ink has been spilled on the importance and benefits of board diversity, but compared to other facets of diversity, age diversity or more accurately, generational diversity, remains an overlooked element in the boardroom.

Baby boomers boom

The four major generational groups that currently dominate the workforce are:

- The Traditionalists – born between 1925 and 1946,
- The Baby Boomers – born between 1946 and 1965,
- Generation X-ers – born between 1965 and 1981, and
- The Millennials – born between 1981 and 2000.

A generationally diverse board will typically be represented by two or more generations. However, it is not uncommon for board memberships across the world today to be dominated by only one generation – the Baby Boomers.

According to the *Singapore Board Diversity Report 2014* by NUS Business School, this is true for more than half of the boards of SGX-listed companies. Other studies in the US, UK and Australia found similar homogeneity.

In the US, the average age on all boards of S&P 500 companies is 62.4 and board age diversity does not seem to vary significantly by company size or industry. Similarly, in the UK, non-executive directors are notably drawn from a narrow pool of candidates predominantly above 60 years of age. The situation is not much different in Australia, where close to 80 per cent of directors are aged between 50 and 70 years.

Generational diversity and boardroom performance

In theory, generational diversity makes sense because it helps the board tap into the perspectives of different directors who better understand the need and sensitivity of stakeholders in their generation. Some would also argue that younger generations are more open to new approaches than older ones, which may gravitate towards maintaining the status quo. Moreover, having a wider range of perspectives in the boardroom also means that the status quo is constantly challenged and critically re-assessed, which guards against the notorious “groupthink”.

While conventional wisdom dictates that business experience can only be gained with age, this may not always be the case. An obvious example is the technology literacy gap prevalent in older generations. In 2014, Walmart bucked the trend by appointing 30-year-old Kevin Systrom, former CEO and co-founder of Instagram, to its board of directors, believing that Systrom’s technical and digital expertise to be invaluable as Walmart planned to further connect with customers and deploy new capabilities through e-commerce and mobile channels.

In practice, however, empirical studies show that the benefits of generational diversity are inconclusive. On one end of the spectrum, the *Singapore Board Diversity Report 2014*, for

example, observes that Singapore companies with generational diversity performed significantly better with an average return on assets of 3.3 per cent compared to 0.6 per cent for those without.

On the other end of the spectrum, there is research such as a German study by Talavera, Yin and Zhang, *Managing the Diversity: Board Age Diversity, Directors’ Personal Values and Bank Performance*, which found that generationally diverse boards are harmful to firm performance, profitability and strategic change due to communication breakdown and conflicts among directors.

Yet other studies, for example, Ferrero-Ferrero, Fernandez-Izquierdo, and Munoz-Torres’ *Age Diversity: An Empirical Study in the Board of Directors*, found no significant effects between generational diversity and corporate performance.

Bridging theory and practice

The gap in benefits between theory and practice may be due to the fact that while it is easy to achieve diversity, it is much more challenging to achieve inclusiveness, which requires an environment of mutual respect, involvement and connection.

The benefits of diversity can only be reaped where the group can work cohesively together, but this cannot happen if minority board members are marginalised. Where democratic participation in the team is limited, it may result in hostility, unproductive behaviour, group dissatisfaction and turnover.

An alternative outcome, which is no more desirable, is that minority board members simply conform, in which event they become deadweights who contribute nothing to team performance.

As such, generational diversity can be a “double-edged sword” that has the potential to bring rewards, but if not managed properly, could lead to inefficiency and shareholder costs. It will require exceptional leadership from the board chair to harness the richness and value of a heterogeneous board by creating a culture of openness and constructive challenge which allows a diversity of views to be expressed and where each member is accorded mutual respect.

That said, generational diversity for the sake of it benefits few. The unsaid assumption is that it must first be undergirded by the board as a whole possessing the pre-requisite skillsets, experience and competence. Clearly, age alone brings no direct shareholder benefit but where a candidate fulfils the skills and competencies in the desired board composition matrix, the added benefit of having generational diversity could come into play. Where a company places a greater emphasis on other aspects of diversity rather than the skills and expertise of an individual, it runs the risk of making such individuals feel disenfranchised from the wider board.

Even when a company does manage to find appropriately skilled individuals to add more diversity to the board, the company needs to be prepared that board members may first need to earn each other’s trust in decision-making and this may, at least initially, lead to a decision-making process. Such inefficiencies will generally reduce over time as members become more familiar with each other, but if stretched over an even longer period of time, the heterogeneity in the group could dull. This underscores the importance of board refreshment, which should be done often enough to maintain a healthy level of debate and engagement at board discussions, but not so often that it becomes disruptive to the dynamics among the members.

Building a diverse board

To effectively build a pipeline of diverse board talent may require effort on the part of the board.

Often, board candidate names are drawn from an elite social network of the existing directors themselves, and the lack of access minority groups typically have to such network may be one contributing factor to the perceived shortage of qualified minority candidates for corporate board service. The problem is accentuated for boards operating in niche industries, such as oil and gas, and life sciences, where an appropriate level of industry expertise is desired, causing the pool of potential board candidates to be reduced.

Where boards hit a dead-end within their own network of contacts, it may be helpful to engage professional search firms to widen the pool of potential director nominees. Other than assisting with due diligence on a candidate’s leadership, independence, character, competence and experience, the brief to external search consultants may specifically include the requirement to present diverse candidates for consideration.

In summary, boards whose members come from different generations can translate to greater wealth in information and perspectives within a decision-making unit, but inclusiveness is key to reaping its benefits. Tokenism may appease, but it brings no direct shareholder value. For many boards, a change in mindset may be required for the group to achieve an optimal mix and one that effectively offers constructive dissent, leverages each member’s experience and perspectives to better understand issues, asks thought-provoking questions, demands pertinent information and makes better informed decisions – achieving outward diversity is just the first step. ■

Gender Diversity Across The World

By

DR ERNEST KAN

Deloitte SEA Centre for Corporate Governance Leader

The 2017 edition of *Women in the Boardroom: A Global Perspective* publication by Deloitte was released in June 2017. It explores the efforts of 64 countries in promoting boardroom gender diversity and reveals that gender diversity on boards doubled in organisations with female leadership. Below are more key findings from the latest edition.

Key findings

- Fifteen per cent of all board seats globally are taken up by women, representing only a modest improvement over the 12 per cent reported in the 2015 edition of the publication. While many may find this an unacceptably small improvement, a three per cent uptick in two years can be seen as significant given the slow turnover among many boards and the continued preference for directors who are sitting or recently-retired CEOs.
- Italy, Norway, Australia, UK and Canada saw an approximately five per cent increase in the number of women serving on boards, beating the global average of three. Outdoing these five nations are New Zealand (10 per cent), Belgium (nine per cent) and Sweden (seven per cent).



The Singapore Numbers

	Percentage	Percentage change
Percentage of women directors	11.0	1.3 (2015)
Percentage of board seats held by women	9.4	1.1 (2015)
Percentage of boards with two or more female directors	12.0	1.9 (2015)
Percentage of women on boards	9.9 (2015)	1.5 (2014)

- Closer to home, the results are not as stellar: Only an average of 7.8 per cent of board seats in Asia are occupied by women, compared to North America (14.5 per cent) and Europe (22.6 per cent). Strong leadership is needed to change the board's composition by focusing on identifying capable and board-ready individuals, so that the glass ceiling for women on boards in Asia can be broken.
- In Singapore, the percentage of board seats held by women has increased by 1.7 percentage points to 10.7 per cent whereas board chairs comprising women have declined by 1.6 percentage points to 5.4 per cent.
- Organisations with a female chair have almost doubled the number of board seats held by women as compared to boards led by male chairs (28.5 per cent versus 15.5 per cent, respectively). The numbers are nearly identical when looking at female CEOs and the number of women serving on their boards as compared to male CEOs (28.8 per cent versus 14.5 per cent, respectively). All these point to a direct correlation between female leadership (CEOs and board chairs) and board seats held by women.
- This correlation illustrates an important trajectory – as the number of female CEOs and board chairs climbs, it is likely to spur greater board diversity. Yet, the percentage of women securing top leadership roles remains very low, with women holding only four per cent of CEO and board chair positions globally.
- Many countries have found that it is not enough to focus on gender diversity. They have broadened their advocacy efforts to include other types of diversity. This can be seen in various corporate governance code recommendations that give other diversity criteria such as competencies, experience and ethnicity.
- At a higher level, there is an inexorable rise in the number of women serving on boards around the world and the desire for a more inclusive kind of growth and capitalism. Bridging the gender divide in the workforce is not only a matter of fairness, but also to effect good governance and inclusive economic growth. ■

Gender Diversity: Supply or Demand



By **JUNIE FOO**
Council member, SID

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DIRECTORS

**BOARDROOM
MATTERS**

In Singapore, the issue of board diversity, in particular, gender diversity has moved up the national and corporate agendas over the last two years.

Since 2015, there have been various initiatives to raise awareness on diversity and encourage action amongst publicly listed companies.

These include:

- The formation and initiatives of the Diversity Action Committee (DAC),
- BoardAgender's SG50 Champions of Change, calling on corporate leaders to make the change for gender-balanced business,
- SID's launch of the Nominating Committee Guide in August 2015, which saw over 200 companies signing up to the Board Diversity Pledge, and
- Numerous forums discussing the subject.

Despite these efforts, the proportion of board seats occupied by women directors has only inched up from 8.8 per cent in 2014 to 9.6 per cent in 2016. This ratio is a far cry from the women labour force participation rate (60.4 per cent versus 76.2 per cent for the men), and also puts Singapore behind most countries, including neighbours Malaysia and India in board diversity.

20/20, 25/25 and 30/30

This dismal pace of change has led Minister for Culture, Community and Youth Grace Fu to take up the mantle for bolder action. On 23 March, during the launch of the final set of Corporate Governance Guides by SID, Ms Fu said the PAP Women's Wing, along with BoardAgender, will

be advocating a target of 20 per cent women on boards by 2020, a target broached earlier by SID's Diversity Subcommittee.

On 4 April, DAC Chairman Loh Boon Chye announced that DAC agrees with the 20/20 challenge but also intends to "hop, skip and jump" to 25 per cent by 2025 and 30 per cent by 2030.

All well and good with these aspirations, but what is needed to get us there? Initiatives must address the blockages that have led to the slow progress to date.

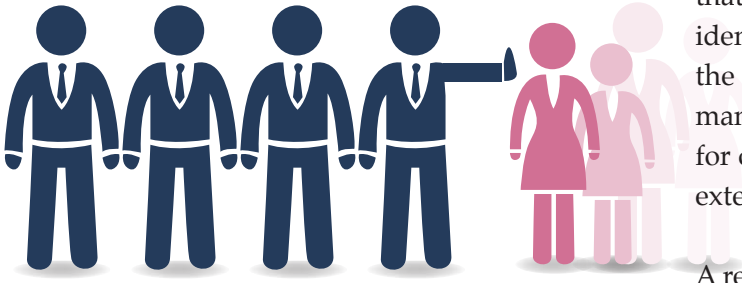
Debates on these roadblocks have often revolved around whether it is a supply or demand issue.

Supply

From a supply standpoint, it is difficult to substantiate that there is a lack of capable and qualified women to take up board seats in listed companies.

To start, SID, BoardAgender, Women Corporate Directors, and other like-minded organisations advocating diversity have pools of women who are qualified and interested in becoming directors.

Beyond them, there is also a larger pool of women who are not yet listed company directors but have the grounding in corporate governance that, with further professional development, will make them effective listed company directors. They include the many professionals involved in corporate governance work in the law, accountancy and human resource professions.



Another source of supply of female talent for board roles is the pool of female top executives, especially those running their own businesses. They would be familiar with board work and can quickly go onto a board, just like the men who made it before them.

Among the nonprofits, 31 per cent of the directors are female. They too grapple with similar issues of governance, integrity, transparency and accountability as their for-profit counterparts, hence their experience in nonprofit organisations make them suitable for consideration for listed boards.

Demand

Demand from existing boards for women directors has generally been lukewarm.

More than half (or 402) of the listed companies today do not yet have a single woman on their boards. SID has more than enough board-ready female members to each take up a directorship at these listed companies. That would easily bring up the proportion of women on boards to over 17 per cent.

The crux of the matter is that far too many boards rely on the “old boys’ network” of existing board members, management and major shareholders in identifying potential board members. Few, if any, conduct a formal or externally facilitated search beyond these personal networks which is necessary in the interest of board diversity, not just gender.

The 2015 SID Board of Director Survey showed that more than 93 per cent of listed companies identify potential non-executive directors through the personal contacts of board members and management, and only 18 per cent of them look for candidates through search firms and other external sources.

A related issue is the limited renewal of boards. In order for more women to come on board, there must be a change in directors in the first place. This has been less than forthcoming.

For example, the 2016 SID-ISCA Singapore Directorship Report showed that more than 64 per cent of firms (that have been listed for more than nine years) have independent directors serving more than nine years.

With the current review of the Corporate Code of Governance, there are measures being debated on improving the situation. DAC has called for rules to require boards to establish and disclose a diversity policy, which should set measurable objectives and progress to achieve those objectives. Minister Fu has called for the rules to be made mandatory.

These measures will go some way in dealing with the fundamental issue of the “old boys’ network” and, perhaps, the limited renewals of boards. More advocacy and guidance to boards on how they can move forward would help.

In the meantime, it is time that we stop citing the lack of women at the top of organisations as a major supply problem and instead focus on building up demand for women on boards in Singapore. This requires the collective vision and effort from all stakeholders of the corporate ecosystem. ■

Boardroom Matters is a regular column by SID in The Business Times and its online financial portal, BTInvest, where this article was first published on 10 April 2017.



Accelerating Gender Diversity on Singapore's Boards

By

CELIA HUBER and OLIVER TONBY

Many of the country's boards are only starting to tackle the challenge of gender diversity. Tips from standout companies can help others act decisively to increase the number of women serving as corporate directors.

Women's representation in leadership and leadership roles – particularly on corporate boards – matters a great deal.

McKinsey & Company's Women Matter research indicates that the presence of three or more women on boards correlates positively with stronger organisational health; better decision-making and corporate governance; greater diversity of thought; a closer match between companies and customers; and a broader base of leadership and talent.

These correlations do not in themselves establish causal connections. Nonetheless, a world that urgently needs to mobilise the abilities and commitment of the best available talent requires the participation of 100 per cent of the talent pool. Increasing the number and percentage of women on corporate boards is not only equitable in itself but also a great opportunity to strengthen companies.

Towards gender equality

Yet in Singapore, as in many other countries, progress toward gender equality on corporate boards has been a long, slow crawl. According to a 2016 report from Singapore's Diversity Action

Committee, women held 9.9 per cent of board seats on SGX-listed companies in Singapore, a relatively small increase from 8.3 per cent two years earlier. More than 50 per cent of all companies in Singapore have only men on their boards, and just 13 per cent of SGX-listed companies had two or more women on them. By comparison, women hold 21 per cent of board positions in the United States (according to the 2016 Spencer Stuart US Board Index). In Norway, France, and Germany, which introduced quotas, they hold 44.1, 38.8, and 26.2 per cent, respectively (2016 Spencer Stuart Germany and France Board Index).

To understand the challenges, benefits, and best practices of companies striving for diversity, McKinsey conducted an analysis in August 2016 to identify the S&P 500 companies with the highest percentage of women on their boards. The firm then conducted a series of interviews with CEOs and board chairs from a number of those companies, as well as some European companies that have made similar progress. In this article, we will share the key insights of this research, which are applicable to other modern economies, such as Singapore.

How to Speed Up Gender Diversity

1 Change the mindset

Even laggards acknowledge that increasing the percentage of women in the workforce and on boards is the right thing to do. But a purely theoretical conviction is not enough. What is too often missing, according to Fabrizio Freda, president and CEO of the Estée Lauder Companies, is a new mindset: “People believe we are going to get there eventually. But that is not enough; it’s too slow. The real obstacle is the lack of urgency.”

Meaningful change will come only when executives make fewer excuses and work together quickly. What’s needed are purpose and intention – a set of goals and motivations that will underpin decision-making. For some, that has meant establishing specific targets for the number of board positions women hold. Others take care to ensure that the list of candidates is diverse from the start, without adhering to any fixed quota. While the approaches may differ, what characterises these companies is that they act on their mindset.

2 Expand the criteria for board membership

Leaders at some companies say that in spite of their best efforts, the small pool of female executives is a continuing challenge. Specific criteria for expertise in areas such as digital technology narrow the field of candidates even further. To overcome the reality of unequal numbers, companies must open themselves to creative solutions, including first-time directors.

One is to move beyond the standard practice of focusing searches on executives with previous board experience. The leaders interviewed said that companies should look to people from spheres of activity other than business, such as law, academia, and the social sector. These candidates can not only improve the gender balance but also help to create the rich mosaic of perspectives that boards need in complicated, fast-changing times.

Ultimately, the point is to separate what is truly non-negotiable (such as expertise in digital technologies or finance) from what is flexible. When companies make that distinction, they can meet both their gender-diversity goals and their specific challenges, such as appointing directors with particular kinds of experience and expertise.

3 Maintain an active pipeline

Effectively creating and cultivating an active pipeline of female candidates is arguably the single most important element of a successful board-inclusion effort – and that means mobilising both personal networks and search firms to identify candidates. Relying only on people known to the search committee risks perpetuating candidate slates from the “old boys” networks of yore. Relying solely on a search firm can generate a list of highly qualified candidates who are not particularly suited to the personal dynamics of a particular board.

A little patience may also be necessary. As Microsoft chairman John Thompson points out, some of the best people may take two or three years to cultivate. By taking the trouble to get to know potential candidates – even those who may not be available for some time – companies can establish a foundation for the long term.

4 Make the case

The leaders interviewed had long since crossed the bridge of understanding the benefits of gender diversity. But their experiences provide a useful checklist for anyone still trying to convince the sceptics:

- **Board diversity helps draw in and motivate talented employees.** As Genpact President and CEO Tiger Tyagarajan explains: “To attract the best talent into the company, you need to appeal to 100 per cent of the top talent, not 50 per cent. To do that, you need strong female role models.”
- **Boards that represent the customer base have better intuition.** For retailers in particular, women make up more than half of the customer base. A diverse board is simply better business.
- **A diverse board boosts decision-making quality.** As Scott Anderson, chairman, president, and CEO of Patterson Companies, says, “The quality of discussions goes up dramatically when you have a more diverse group in the boardroom.” Rodney McMullen, Kroger’s chairman and CEO, adds that “you get questions from perspectives that you hadn’t thought of before, and I think this helps you avoid more blind spots.”

Several of the executives interviewed emphasised that getting more women on boards is not the end of the story. Board diversity is not just about gender: diversity of careers, life experiences, and ideas are important, too.

How much diversity does a company need? Marc Lautenbach, president and CEO of Pitney Bowes, says that “while we don’t have a specific number in mind, we do have an appreciation for the value that diversity can bring. To my mind, it’s a little bit like assembling an orchestra. I know I need a bunch of different instruments; whether I have three of one and two of the other, or three of one and three of the other – that misses the point. It’s about how all of the instruments blend together.”

Getting there

The broader inclusion of women at all levels of the corporate structure is critical. Companies can prepare female executives for future membership – for instance, by placing women in roles with profit-and-loss responsibility, ensuring that they have committed mentors and sponsors, and giving them the knowledge and skills to deal with the governance and strategy issues boards typically face. When the pipeline is full of women, companies should ideally have less difficulty recruiting qualified women as directors.

Boards in Singapore should have an edge: the United Nations ranks it as the top Asian nation

with respect to gender equality. But as the data show, female representation on Singaporean boards lags behind that of many Western countries. The case for greater progress is clear and compelling, and we need to accelerate the slow, positive trend in the number of female board directors. Companies should embrace the opportunity now – or risk losing their most talented women to more progressive competitors that seize the moment. ■

Celia Huber is a senior partner in the Silicon Valley office of McKinsey & Company, and Oliver Tonby is a senior partner and the managing partner for Southeast Asia. Parts of this article were adapted from “How to accelerate gender diversity on boards”, first published in the McKinsey Quarterly in January 2017.



Ask Mr Sid

Dear Mr Sid

Overboard on Gender Diversity

I think this fuss about gender diversity is getting too much. "20 by 20". "25 by 25". "30 by 30". What's next? "50 by 50"? Maybe "100 by SG100" (which is in 2065)?

I support equal opportunities for women. But they have to earn it. The Singapore government's mantra has always been meritocracy. What happens to meritocracy when we now have ministers championing men making way for women?

You know what will happen when we have gender targets or quotas on boards? Tokenism. Women will become directors simply because they are women, not because they are the best for the board.

Diversity should also not mean gender diversity. A board should have people of different skills, experience, ethnic groups, generations, geography in the mix, and so on. In fact, some of these other types of diversity can be more important for a particular board. If a company is targeted at the young, would it not be helpful to have a millennial on the board? If it is operating in the US, would it not be sensible to have an American or two?

I chair my board's nominating committee. We have no women on our board, but we do have plenty of diversity. We have one "ang moh" (that's ethnic diversity). All our board members have distinctly different industry and professional backgrounds (plenty of skills and experience diversity). The youngest director is 48, the oldest is 73 (that's more than one generation, maybe even two).

In the meantime, there are far bigger issues that our company has to contend with: cyber security, disruption, innovation, making a decent profit, paying good dividends to shareholders... As a result of the digital disruption which is affecting our company, we are looking for an IT veteran to join our board, but I am not going to be politically correct to ask our search firm to look for a woman director just so that we will not be "named and shamed".

Equally yours

All For Equality



Dear All For Equality

Thank you for the feedback on board and gender diversity.

I agree with several of your points, but I may weigh them differently.

From your description, your board does believe in board diversity. However, the fact is, you are missing on an important dimension of diversity: gender. While diversity should not mean, by default, gender diversity; at the same time, it should also not mean all kinds of diversity, except gender diversity.

Why gender diversity

Gender may be only one of several dimensions of diversity, but it is an important one. There are two main reasons why this is so: social justice and business.

According to *Gender Diversity on Boards: A Business Imperative*, a report by the Diversity Task Force, women represent half the global talent pool. In Singapore, they account for 45 per cent of the resident work force, and 76 per cent hold tertiary qualifications for those aged 25 to 34, compared to 72 per cent of men.

However, according to the *2016 Singapore Directorship Report*, only 11 per cent of

listed company directors are women. The disproportionate number of women on boards relative to women in senior management ranks is not only unfair, it also suggests that boards are likely missing out on talent that they might otherwise have.

From a business standpoint, some studies show that companies with women directors do better, though the position is not as clear cut for many reasons, including the question of cause and effect, the methodologies used, and there are other studies that come to the opposite conclusion.

Gender quotas and measures

All that said, this much is clear. When something is out of line – in this case, the proportion of women on boards – it is not uncommon for regulators to introduce measures to encourage alignment.

Hence, the advocacy over the last few years for improving women representation on boards, and debates about appropriate measures which have ranged from “naming and shaming” to gender quotas.

I agree with you that pushing these measures too far could result in tokenism, which would be undesirable. Gender quotas – which, though discussed, have not been seriously pursued, as yet – would certainly risk going in that

The diverse forms of Super SID.



direction. It is encouraging that the strongest measure proposed so far has been the disclosure of a board (including gender) diversity policy, measurable targets and progress in meeting them. I think that is very reasonable.

As to the target of “20 by 20”, it is but a rallying call. It has no regulatory force – at least, not yet.

Your next director

You say you are looking for a digital director. Did you know that, according to a 2016 survey by the Infocomm Media Development Authority, 30 per cent of infocomm media professionals are female?

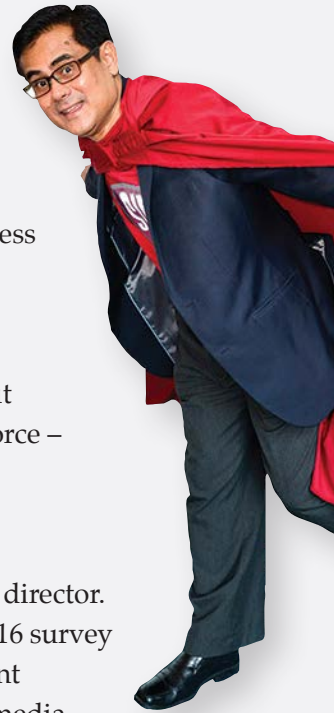
If you do find a female digital director, you could be killing two birds (your digital director and a female director) with one stone.

And to ensure that you provide sufficient opportunities for women, you could instruct the search firm to find at least one female candidate in the slate presented to the NC.

Hopefully then, you will not get named as one of the few boards without a female director.

Yours sustainably

Mr Sid ■





Who is Mr Sid?



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

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

Mr Sid's References (for this question)

Board Guide

Section 2.8: Diversity

Nominating Committee Guide

Section 3.5 Board Diversity

Appendix 3F: Skills Diversity

Appendix 3G: Gender Diversity

Appendix 3H: Sample Board Diversity Policy

Singapore Directorship Report 2016

Section F: Gender Diversity

Boardroom Matters

Vol 1, Chapter 26: "Sense and Sensibility in Board Diversity" by Lyn Boxall

Vol 1, Chapter 27: "Gender Diversity: A Mountain to Climb?" by Annabelle Yip

Vol 1, Chapter 28: "Gender Diversity: Quotas, Targets and Cultural Mindsets" by Junie Foo

Vol 1, Chapter 29: "Enter the Digital Director" by Robert Chew

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

Vol 1, Chapter 31: "Back to Basics: Financial Literacy for Board Members" by Barbara Voskamp

Vol 2, Chapter 37: "Gender Diversity: Make It Happen" by Junie Foo

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

Vol 3, Chapter 31: "Boards Must Mind the Talent Diversity Gap" by Max Loh

Vol 3 Chapter 32: "Narrowing the Gender Gap in Singapore Boardrooms" by Junie Foo

Vol 3, Chapter 33: "Addressing the Three Disconnects of Diversity" by Max Loh

Combating Gender Stereotypes in the Boardroom



By **WONG SU-YEN**
Council member, SID

Some women directors feel that they face the challenge of being gender stereotyped in the boardroom.

This is not surprising as gender stereotypes start early in life. A study by researchers from three US universities released earlier this year in journal *Science* found that both girls and boys as young as six years of age see females as being intellectually inferior. The study revealed that girls of five years old are just as likely as boys to associate brilliance with their own gender. However, by the age of six, these girls were less likely than boys to make the association. Specifically, among six-year-olds, boys chose their own gender as “really, really smart” 65 per cent of the time while girls selected their gender as brilliant only 48 per cent of the time.

The study also found that even as older girls were less likely to associate their own gender with brilliance, they (correctly) assessed that at their age, girls were more likely to get good results in school. This suggests that while they believed themselves to be innately disadvantaged vis-a-vis intellect, hard work and effort would ultimately lead to superior outcomes.

Without dealing with the issue of how these stereotypes could or should be addressed (early in life, I should add), how can women combat the gender pitfalls in the boardroom and within themselves?

In my view, there are three actions women can proactively take to expand their horizons for effectiveness in the boardroom.



EXPANDING HORIZONS

Invest in professional development

The first is to be board-ready.

It is a common misconception that depth of professional expertise in any particular domain – be it legal, audit, finance, or human resource – adequately prepares one for board service. The truth is that directors – whether male or female – need to have a strong grounding in the fundamentals of directorship, more than anything else, and thereafter, they need to continue to stay current on developments in corporate governance.

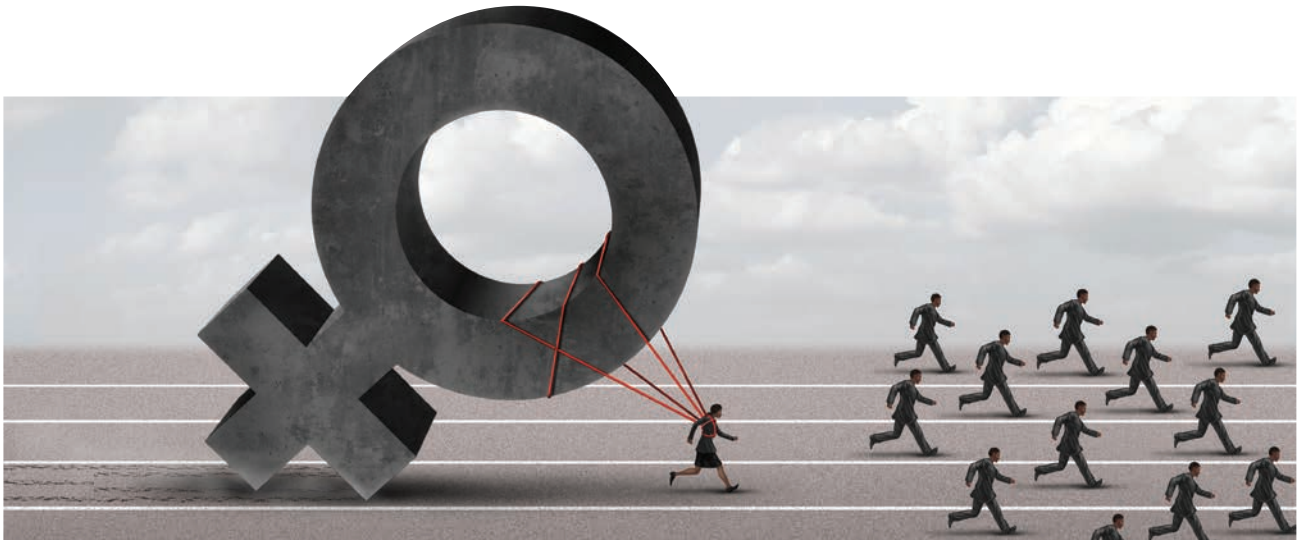
This is particularly so for women, who are often confronted with higher barriers. A solid foundation is likely to help quiet critics and overcome any insecurities.

A good place to start would, of course, be to explore the full suite of professional development courses and forums designed by SID to support directors at every stage of their directorship journeys.

Women directors should avoid the fallacy that they need special women-only courses designed for them. That would only reinforce the gender stereotype and deprive them of the practical benefit of training sessions that mirror the gender mix in the boardroom.

Develop strategic networks

Secondly, it helps to be part of a community of women directors.



There is an African proverb which applies equally to surviving in the bush, as it does to navigating the boardroom: “If you want to go fast, go alone. If you want to go far, go with others.”

Aspiring and established female directors would benefit from connecting with like-minded individuals and organisations such as BoardAgender, Women Corporate Directors, and the Financial Women’s Association of Singapore.

While it is important to have a support structure and network of trusted relationships that are based on interpersonal affinity, the value of the network is directly related to the exposure it provides to others with diverse backgrounds, experiences, affiliations, and perspectives. As such, women need to be deliberate about fostering strategic networks that push beyond their comfort zones.

Successful networks are also about adding value to others and connecting the dots. Remember there is “work” to be done in “networking”.

Seek role models and mentors

Thirdly, all aspiring and new directors could do with role models and mentors.

Many new directors find themselves, with the benefit of 20 or 30 years of experience, at the pinnacle of their respective professions. In fact,

those women who have “made it to the top” of the corporate ladder are often viewed as role models by the next generation of female leaders in the workplace.

But, it is helpful to view the transition to the boardroom as less a direct extension of one’s prior career, and more of a new career. It is an untrodden path in many respects.

That being the case, it behooves women to actively identify mentors who have traversed this route before. Mentors may be female or male; formal or informal. The key is to keep an open mind and to focus on learning, unusual as it may sometimes feel to receive rather than dispense advice.

And, as with networks, the purpose of a mentor is not to serve as an “echo chamber” but to help provide perspectives that broaden one’s radar.

Ultimately, directorship is a journey, not a destination. And whilst pervasive gender biases (whether superimposed or self-imposed) may stack the deck against women, the above actions can help women directors overcome some of these hurdles, become stronger contributors in the boardroom, and result in stronger representation. ■

NCs: Tips for Traversing Board Diversity

By

AMANDA HUAN

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For nominating committees (NCs) that are genuinely committed to board diversity, here are seven tips on how they can achieve it in the most efficient and effective way.



1. Have a diverse NC

First, the NC must lead the way in its own composition. Research shows that a more diverse NC is likely to have a positive impact on the overall level of board diversity.

Ensure that directors on the NC are of different gender, age, ethnicity and culture, knowledge and experience, skilled competency, geography, tenure, as well as industry background.



2. Prepare the board for diversity

NCs should prepare the board, especially the chair, for board diversity.

All directors should be educated on how they and the board can be more effective in a diverse boardroom setting. This includes training on the importance and impact of diversity and issues such as personal unconscious biases. While most directors might be more cognisant of more well-known biases (such as gender and ethnicity), some may be unaware of their familiarity bias (the phenomenon where one unconsciously prefers familiar or similar candidates instead of diversifying).

Other forms of preparation may include increasing the time spent on board issues to allow for a more comprehensive discussion from wider perspectives.



3. Establish a board diversity policy

A board diversity policy should be enshrined in the terms of reference of the NC and made publicly available on the company's website. This will institutionalise the board's commitment to diversity and signal to investors that the company takes board diversity seriously. At the same time, the board diversity policy creates reputational value.



4. Develop a profile of the board and identify gaps

The company should develop a profile of the collective and diverse skills and expertise required by the board (and management) that serves the company's best interests. Such a profile can then be used to map against current board and management members to identify gaps.

Companies tend to focus on skill diversity and neglect other dimensions of diversity. A board profile prevents this "narrowing" of diversity. A board profile may include listing the type of experience needed from directors (digital experience, specialised industry knowledge, etc.), the desired skillsets (communication, legal know-how, etc.) and attributes (regional experience, cultural background, gender diversity, etc.). This profile may even form part of the board's diversity policy.



5. Develop measurable objectives and evaluate accordingly

What gets measured and assessed gets done. NCs should set objectives and measurable goals of board diversity, and formally evaluate the company's performance against these objectives. The results should be publicly disclosed.

Given increasing stakeholder interest in the diversity of boards, companies should be open about the progress that they are making towards board diversity.



6. Go beyond personal networks

Having directorship positions filled based on personal contacts is not always in the best interests of the company and its shareholders. To ensure quality directors, companies should adopt a structured process that casts a wider net when it comes to sourcing for directors. Such a process should include the criteria for assessing candidates and sources for outreach.

Search firms and board match services from organisations like SID and the Centre for Non-Profit Leadership can assist companies with this process by identifying, screening and assessing high-quality candidates from a broader pool. At present, less than 10 per cent of local companies use external support for board searches. External professionals can also be used to help objectively evaluate the board, including its commitment and implementation of board diversity.



7. Disclose directors' contribution to the company

The board should assess and disclose how its particular mix of skills, experiences, and perspectives of directors contribute to the company's development.

When new directors join the company, it should go beyond the obligatory basic director's bio and elaborate more on how that particular director possesses certain attributes and knowledge that would strengthen the board and the company. Having such disclosures in place forces the board to take its board selection process seriously and demonstrates the company's accountability to its stakeholders. ■

Roles and Practices of Board Chairs Across the World

By
PROFESSOR STANISLAV SHEKSHNIA and VERONIKA ZAGIEVA



An effective board chair needs to master three key challenges: interacting with key shareholders, leading a diverse board, and maintaining a productive relationship with the CEO and management. What tools and practices are available to help a chair do so?



The two studies by the INSEAD Corporate Governance Initiative on board chairs (see box) have provided valuable insights into the profiles and practices of board chairs across the world.

There are broad similarities in how chairs from different countries define their jobs and go about them. All respondents consider their main task as to provide effective leadership to the board. They identified shareholders and CEO/management as their two other key constituencies. The type of shareholders (reference shareholders versus financial investor in a public company) have the strongest differentiating impact on the work of the chair. Cultural specifics manifest themselves in details such as which meal a chair shares with directors or the length of the CEO's report.

In the first study, the major challenges facing board chairs were identified and grouped as follows:

- Interacting with shareholders, specifically reference shareholders (which are shareholders that have a significant equity or emotional

stake in the company, for example, a financial investor who has a majority stake, or a founding family which controls ten per cent of the company).

- Leading a diverse group of professionals (the board).
- Establishing and maintaining productive relationships with people who “eat, sleep and breathe the company” (the CEO and other executives).

The second and most recent study looked at the practices and approaches of board chairs in dealing with these challenges. This article will focus on the findings of how they go about doing so.

Mastering Challenge 1: Relationship with Shareholders

Chairs work hard at establishing and maintaining productive relations with the owners of the company, although what they mean by that is defined by the context. In dealing with stakeholders, some give priority to compliance, while others focus on performance. For some,

INSEAD Board Chair Surveys

2015: Chairs of the Board of Directors: Findings from a Global Survey

- Global survey of 132 board chairs and directors from 30 countries.
- Provided insights into demographics, motivation, background, remuneration and challenges of board chairs.

2017: Board Chairs' Practices across Countries: Commonalities, Differences, and Future Trends

- Field research with a team of experts in Belgium, Denmark, Italy, The Netherlands, Russia, Singapore, Switzerland, Turkey and the UK.
- Face-to-face semi-structured interviews with 74 experienced chairs.
- Focus on the specific practices and instruments used by board leaders in different countries to deal with the challenges.

it is about the board's effectiveness; for others it is the company's effectiveness and value creation. In working with shareholders, chairs use formal and informal tools and channels.

Chairs in companies with reference by shareholders tend to focus on performance and sustainability, and actively use formal and informal channels. They emphasise the importance of maintaining a constructive dialogue with shareholders for the benefit of the company, but not in the boardroom. They stress the importance of protecting the independence of the board and also exerting their authority over its workings. As one puts it: "We operate under the two meetings principle: one is for directors (the board), another for shareholders. If you happen to be both, learn to behave yourself."

Specific practices used to manage relationships with reference shareholders (irrespective of country) include:

- Asking shareholders to fill in a structured questionnaire about their position on key issues such as growth, dividends, acquisitions, and owners' pride;
- Briefing shareholders on the outcome of a board meeting;
- Having an informal dinner with large shareholders before every board meeting;
- Inviting shareholders' representatives to board meetings to hear their positions and concerns;
- Inviting the largest shareholders and independent directors for a working dinner once a year;
- Organising informal shareholders' meetings before important board meetings;
- Interrupting the board meeting to conduct an emergency shareholders' meeting;
- Creating a WhatsApp group for shareholders to exchange news.

Chairs from public companies with widespread shareholdings emphasise compliance, fairness and equity. The intensity of their interaction is noticeably lower and they often operate in a reactive mode. They cited the following practices:

- Consulting the top 25 shareholders on executive compensation;
- Appointing a special representative as a voice for minority shareholders in board discussions;
- Inviting representatives of minority shareholders to the board meeting to express their expectations and concerns;
- Providing the same data to majority and minority shareholders;
- Staying on after the AGM to meet minority shareholders and answer their questions.

Mastering Challenge 2: Leading the Board

A board of directors is not an easy group of people to lead. Directors are usually accomplished professionals and mature people, with multiple affiliations and important leadership roles in their own right.

Our research found that chairs accomplish this task by engaging, enabling and encouraging board members – what is known as the 3E leadership style.

Engaging board members' talents in the service of the board is no simple task, particularly as the board meets only a few times a year, its members work in different locations, come with multiple affiliations and have limited availability. As one chair puts it: "You need to make sure they are physically there, they are emotionally engaged, they know what we are talking about, and they put their brains to collective work."

The most widespread practices for engaging board members were:

- “Calling every director and asking if they are happy with the next meeting’s agenda or would like to change something.”
- “Dinner with non-executive directors is a good way to re-engage them on the eve of a board meeting.”
- “I tell every candidate up front – ‘If you are not ready to commit 40 days of your time to this board, let’s stop here.’”
- “I ask every new director to sit down with every other board member before her first meeting.”

Enabling board members to work effectively as a group requires pre-meeting, in-meeting and post-meeting work that goes far beyond mere discussion facilitation. According to one of the interviewees: “I have enormous power without having any material resources. By controlling what goes onto the agenda, how the discussion question is framed, who gets to speak first, I can make a huge difference to the outcome. I have to use this power wisely for the benefit of the board.”

The following behavioural strategies enable productive collective work:

- “I need to think very clearly about whom I ask to talk first and who talks last about the specific topics. Who is irritated by who or what? Who is brooding about what? I need to be very alert about recognising body language.”
- “I start with an informal in-camera session. I want to know what’s on their minds and what their current concerns are. It is a way for all of us to clear our hearts and minds before the official meeting starts.”
- “I try to take as little room as possible. My task is to help others speak their minds.”
- “I rarely express my position. If I do, I speak last.”
- “Asking questions in a Socratic way, even if you know the answer, is a good way to get other points of view to come alive.”

Encouraging board members involves keeping them motivated and productive by providing feedback, creating opportunities for reflection and learning, and strengthening their links to the board and the company. One respondent revealed: “These people (directors) rarely get feedback – they are successful high-powered individuals – but it does not mean they don’t need a pat on the back or a word of encouragement. I regularly let them know how I value their contribution and how they could make it even more valuable.”

- “We close every board meeting with a short reflection session. I ask each director three questions: ‘What went well? What did not go so well? What we could have done differently?’”
- “Once every year we conduct an off-site dedicated to improving board dynamics. With the help of a facilitator, we brainstorm how to improve and try out new approaches.”
- “Once a year I invite every board member for lunch and we talk about what she/he wants to discuss.”
- “I invite every board member to my home for a meal and we talk about his performance and how I could be more helpful.”

Mastering Challenge 3: Interacting with CEO/management

The CEO is a very important counterpart of the chair. In most cases, we found the chair-CEO relationship to be intense, complex and more nuanced than prescribed by the regulations. Contextual factors such as their respective relationships to the ownership, previous career experience, and individual personality played a decisive role.

We identified five “ideal types” of chair-CEO relationships and practices that support them:

- **Collaboration.** This is in the form of close, intense and well-structured interactions between professionals with equal status. Examples cited include:
 - “We have an open agenda meeting or a phone conversation every two weeks.”
 - “We set every board meeting agenda together.”
 - “We go on business trips together – it helps to build trust and have the same picture.”
 - “The CEO and myself conduct a debrief after each board meeting.”
- **Mentoring.** A senior chair person may mentor a junior (CEO) with the main goal of helping the latter learn and to perform with his greater knowledge, experience and resources of the chair. Some of the specific practices include:
 - “We establish developmental objectives for the CEO and we have formal mentoring sessions with him once a quarter.”
 - “The CEO develops strategy – I listen to him and challenge his assumptions.”
 - “The management team comes to me for advice since I am old! I mentor them. We have a Socratic encounter and I teach them to think by asking them questions.”
- **Commanding.** This is when a more senior person (the chair) gives orders to a more junior person (the CEO). Examples of behaviour strategies include:
 - “I question and challenge CEO both privately and in the board room. If he doesn’t get it – I tell him what to do.”
 - “I promote a healthy work/life balance with the CEO and his team. Some need to be pushed to take a vacation. Sometimes I have to push them to look broader than just the organisation.”
 - CEO prepares a monthly update report for the chair.
- **Advisory.** In this case, a junior chair provides advice to a senior CEO. Here, the CEO shapes the relationship and the chair is reactive. Some of the practices cited are:
 - “I come to see him every month; we speak one-to-one, very informally. I update him on the board’s work, ask his opinion on important issues. He may ask my views on anything from Obama politics to the last remuneration committee meeting. Sometimes he asks for help in specific deals. I feel that he values my advice.”
 - “Quite important in my relationship with the CEO, who is also a majority shareholder, is to help him keep his two roles separate. This leads to heated discussions sometimes.”
- **Cohabitation.** In this instance, the two professionals of equal status work independently towards goals that they have independently defined. Interaction is mainly formal, cooperation being limited to what is required by regulations. Examples of supporting practices include:
 - “I never talk to the CEO’s direct reports – it’s his responsibility.”
 - “I write to all board members to solicit ideas for the annual board agenda, the CEO is one of them. I don’t feel I need to do anything special for him.”

None of these five “ideal types” exists in its pure form. While the types are exclusive, we found that most chair-CEO relationships have a core note which resonates with one of them. ■

Professor Stanislav Shekshnia is Senior Affiliate Professor of Entrepreneurship and Family Enterprise at INSEAD and Veronika Zagieva is Project Manager at Ward Howell Talent Equity Institute.



New Registers on Beneficial Ownerships and Control of Corporate Entities

By

ELGIN TAY

Head, Institute of Corporate Law, Accounting and Corporate Regulatory Authority

New regulatory requirements for companies, foreign companies and LLPs have been introduced which will lead to greater transparency on the ownership and control of corporate entities.

On 10 March 2017, Parliament passed the Companies (Amendment) Bill and Limited Liability Partnerships (Amendment) Bill.

A key legislative amendment which took effect from 31 March 2017 requires all corporate entities, namely companies, foreign companies and limited liability partnerships (LLPs) incorporated / registered in Singapore (unless exempted by legislation, such as listed companies and Singapore financial institutions) to each maintain a register of beneficial owners (termed as “registrable controllers”).

Companies and foreign companies are also required to each maintain a register of nominee directors and a public register of members respectively.

Greater transparency of ownership and control

With money laundering, terrorist financing and tax evasion being of global concern, knowing who the controllers of business entities are, is gaining international importance. This legislative change aims to make the ownership and control of corporate entities more transparent and reduce opportunities for the misuse of corporate entities for illicit purposes.

This will also put Singapore in line with international standards to combat money laundering and

terrorist financing, and facilitate tax transparency. It will further boost Singapore’s on-going efforts to maintain our strong reputation as a trusted financial hub.

Corporate entities to maintain new registers

The new registers that corporate entities must maintain are:

- **Registers of registrable controllers (non-public).** All corporate entities must maintain a register of their controllers. A “controller” is an individual or a legal entity that has significant interest in or significant control over an entity. What constitutes significant control and significant interest is spelt out in the Companies Act and Limited Liability Partnerships Act and described in the “ACRA-issued Guidances”. This register is not open to the public.

Corporate entities are required to identify their registrable controllers, obtain their particulars and maintain these particulars in a register at their registered offices or those of their registered filing agents appointed for that purpose. A registrable controller is defined based on various criteria. For companies, it includes interest in more than 25 per cent of shares; right to appoint or remove directors holding a majority of the voting rights at director meetings; and the right to exercise or actually exercising significant influence or control.

FAQ on the Register of Registrable Controllers

- **Who needs to comply with these new requirements? Are there any exemptions?**

All companies, foreign companies and LLPs (unless exempted by legislation) are required to maintain a register. Exempted entities include listed companies and companies that are Singapore financial institutions. Companies undergoing winding up, receivership, judicial management or striking off are not exempted. For the full list of exempted entities, please refer to ACRA's website.

- **Must the register be made public?**

The register is not available for public inspection. For example, members of a company, auditors and financial institutions do not have access. However, corporate entities must give the Registrar and law enforcement authorities (e.g. Singapore Police Force; Commercial Affairs Department; Corrupt Practices Investigation Bureau; and Inland Revenue Authority of Singapore) access to the register and any

supporting records and documents. The same position applies to the register of nominee directors.

- **Must the notice be sent electronically or by registered mail?**

The notice may be sent electronically or in hardcopy. Registered mail is not necessary.

- **What happens if the addressee of a notice does not reply?**

If a registrable controller does not reply to a notice sent to him, the corporate entity should enter his particulars that are in the entity's possession into the register, with a note indicating that the particulars are not confirmed by the registrable controller.

- **Should records pertaining to the keeping of the register be kept?**

Corporate entities are strongly encouraged to maintain proper records on the keeping of the register (including notices and replies to notices).

In identifying registrable controllers, the entities are required to send notices to anyone who they know or have reasonable grounds to believe is a registrable controller, who is in turn required to provide his particulars if he is a registrable controller or any information on other registrable controllers that he is aware of to the respective entities. Registrable controllers also owe a separate obligation to provide their particulars to their respective entities.

- **Registers of members of foreign companies (public).** Foreign companies must maintain a public register of their members similar to that required for Singapore incorporated companies.

- **Registers of nominee directors (non-public).** Companies must maintain a register of their nominee directors. This register is not open to the public.

Help resources for companies, foreign companies and LLPs

Companies, foreign companies and LLPs can tap on the following help resources available on ACRA's website:

- "ACRA-issued guidances" on how to comply with the requirements.
- "Forms of notices" to be used for sending to the relevant persons.
- Detailed information on the new requirements, frequently asked questions and a video. ■

The 2017 SGTI Rankings Enter the REITs

Corporate governance disclosures are at an all-time high, even as REITs and Business Trusts enter the rankings.



Over 200 directors and senior management of companies converged at Marina Mandarin Singapore on 1 August 2017 for the launch of the 2017 Singapore Governance and Transparency Index (SGTI) rankings. The rankings and event were jointly produced by SID, CPA Australia, and the Centre for Governance, Institutions and Organisations (CGIO) of the NUS Business School.

The SGTI is a benchmark for assessing listed companies in Singapore on their corporate governance disclosures and practices. In this second edition, the SGTI expands the listed entities to include 42 REITs and Business Trusts (BTs), in addition to the 606 listed companies being reviewed.

In his opening address, Mr Willie Cheng, Chairman of SID, explained how the SGTI is evolving to become the most comprehensive tool for assessing corporate governance – a timely move considering that the bar on corporate governance is rising. He noted that with a review of the Code of Corporate Governance underway, changes will have to be further made to the assessment criteria moving forward.

The guest-of-honour for the event was Professor Tan Cheng Han, Chairman of the newly incorporated Singapore Exchange Regulation Pte Ltd, also known as SGX Regco.



Professor Tan observed that the SGTI, being the leading index to rank companies, is becoming an integral component of corporate governance assessment that drives market development. He also shared that SGX Regco will continue exploring innovative ideas to develop the market and engage all stakeholders in the ecosystem to ensure a robust market, while continually reviewing and ensuring the appropriateness of existing rules in today's context.

Dr Lawrence Loh, Director of CGIO, then proceeded to present the key findings of the 2017 SGTI, after which Professor Tan presented awards to the top-ranked organisations.

A robust and engaging panel discussion ensued as a panel of experts shared their candid views and observations of the results and trends.

Mr Yeoh Oon Jin, Singapore Divisional President of CPA Australia, concluded the event with a sound reminder to companies to continue to engage all stakeholders and to uphold the highest standard of corporate governance not only in form, but also in practice.



SGTI Awards

Singapore Governance and Transparency Index 2017 Awards

SGTI2017 Rank	SGTI2016 Rank	Company Name	SGTI2017 Score	SGTI2016 Score
Top 5 Companies Award				
1	1	SINGAPORE TELECOMMUNICATIONS LTD	124	124
2	4	CAPITALAND LTD	118	115
3	2	DBS GROUP HLDGS LTD	117	121
3	3	SINGAPORE EXCHANGE LTD	117	117
5	5	KEPPEL CORP LTD	113	113
Mid Caps Award				
7	7	TUAN SING HLDGS LTD	109	102
Small Caps Award				
19	27	MICRO-MECHANICS (HLDGS)	92	85
REITs and Business Trust Award				
1	-	CAPITALAND MALL TRUST	96.8	-

Note:

1. Small Caps are companies with market capitalisation of less than S\$300 million.
2. Mid Caps are companies with market capitalisation from S\$300 million to below S\$1 billion.
3. Big Caps are companies with market capitalisation of S\$1 billion and higher.

And receiving the awards are:



Tuan Sing Holdings CEO, William Liem.



Micro-Mechanics (Holdings) Executive Director and CFO, Chow Kam Wing.



SGX CFO, Chng Lay Chew.

“The message is very clear. Your SGTI scores are as important as how much money you have made or how much your revenue has increased. In addition, we want investors to take notice of the SGTI scores and to ask hard questions of the companies they invest in where they think this is appropriate.”

Professor Tan Cheng Han, Chairman, SGX RegCo

SGTI Findings

Here are the key takeaways from Dr Lawrence Loh's presentation on the results of the 2017 SGTI:

Methodology

- SGTI looks at five assessment areas (see chart on “Comparison amongst Components”) with a total maximum score of 143 including penalties and bonus points.
- SGTI studied 606 companies that released FY 2016 annual reports by 31 May 2017. In addition to annual reports, website information, company announcements, media coverage and companies’ investor relations responses were used in the assessment.
- 114 companies that were excluded comprise newly listed companies without a full year’s financial reports, secondary listings, companies

that complied with another code of corporate governance, companies suspended from trading and companies that did not release annual reports for the past three years.



Trend

- Since 2011, where there has been a steady upward trajectory, the 2017 SGTI is at an all-time high of 52.3, surpassing the 50 mark for the first time.
- The score distribution trend over two years indicates that the majority of companies is improving.
- Big Cap companies are generally achieving higher scores as shown below.

Comparison amongst Components: The Big Cap Effect

Average Score by Component					
	Board Responsibilities (35 points)	Rights of Shareholders (20 points)	Engagement of Stakeholders (10 points)	Accountability & Audit (10 points)	Disclosure & Transparency (25 points)
Big Cap	24.0	15.0	6.1	7.9	18.2
Mid and Small Cap	17.8	12.6	2.7	7.1	12.8
Score Difference	6.2	2.4	3.4	0.8	5.4
Score Difference (% of Max Points)	17.7%	12.0%	34.0%	8.0%	21.6%

Improvements

The improvement areas and those which need improvements were:

Assessment Area	Improvement Made	Improvements Needed
Board Responsibilities	<ul style="list-style-type: none"> • Orientation and training programmes • Board appraisal process 	
Rights of Shareholders		<ul style="list-style-type: none"> • Shareholder communication
Engagement of Stakeholders		<ul style="list-style-type: none"> • Anti-corruption policy
Accountability & Audit	<ul style="list-style-type: none"> • Disclosure of key risks 	
Disclosure & Transparency	<ul style="list-style-type: none"> • Interested Person Transactions (IPTs) are at arm's length 	

SGTI Panel Discussion



L to R: Melvin Yong, Yvonne Goh, Chew Chin Yee, Stefanie Yuen-Thio, Melvyn Pun, Chow Kam Wing.

2017 SGTI Results

“We need to close the gap between the big and mid to small cap companies. Good corporate governance invariably leads to better market valuations and this reinforces the idea of a good corporate governance system.”

Mr Chew Chin Yee, Head of Regulatory Development and Policy, SGX RegCo

“It is not only about the score; it is really about how you engage investors and handle the difficult questions.”

Mr Melvyn Pun, Executive Director and CEO, Yoma Strategic

“We should think about how we can help the stragglers. Corporate governance failures have a bigger negative impact on the market than the positive effects of corporate governance successes.”

Ms Stefanie Yuen-Thio, Joint Managing Director, TSMP Law Corporation

“When new directors are appointed to a Board, they should undergo an orientation programme that is comprehensive; and orientation programmes should be organised on an on-going basis.”

Mrs Yvonne Goh, Independent Director, Del Monte Pacific Limited

Closing the gap between the large and small companies

“In the KPMG Review of mainboard companies’ CG Code, SGX sent companies their scorecards, and engaged them to better understand the issues they were facing. It is a collaborative journey.”

Mr Chew Chin Yee

“There are two factors driving good corporate governance. A company must be willing, and have the resources to see it through.”

Mr Melvyn Pun

“Good corporate governance is guided by both passion and rewards via share price in long term. Do not rely on the regulator.”

Mr Chow Kam Wing, Executive Director and CFO, Micro-Mechanics Holdings

Striking a balance between conformance and performance

“We have done so many years of SGTI, is it time we build in areas on value creation for shareholders? Corporate governance is not merely about compliance but performance too.”

Mr Lee Chong Kwee, Chairman, Mapletree Logistics Trust Management Ltd

“Corporate governance is for the longer term, but performance is short-term and benefits shareholders. But at the end of the day, corporate governance is a must because it instils trust.”

Mr Chow Kam Wing

“We should focus on the substance of corporate governance, rather than just checking the boxes. We may also want to broaden engagement. For example, the Corporate Governance Council is looking into whether companies should be encouraged to engage with stakeholders, rather than just shareholders.”

Ms Stefanie Yuen-Thio

Corporate governance in family firms

“Corporate Governance can be quite different in family-run companies, and the role of IDs can be quite difficult.”

Mr Ho Tuck Chuen, Adjunct Associate Professor, NUS

“The quality of IDs matters in family firms, as IDs will push management to disclose more information.”

Mr Melvyn Pun

“The journey towards good corporate governance may be longer for family-run companies as it is often harder for IDs to carry out their duties. Regulatory authorities would need to take a more sympathetic approach towards IDs serving on Boards of family-run companies.”

Mrs Yvonne Goh

Benefit of SGTI

“Having seen the results of SGTI and its forerunner, the GTI, published in the media for several years now, do shareholders raise questions about their company's CG performance and ranking at AGMs?”

Mr John Lim, Immediate Past Chairman, SID

“In the case of Del Monte, I would like to believe that attendees at our AGMs do not ask about our SGTI rankings because these are already disclosed in our annual reports.”

Mrs Yvonne Goh

REITs and Business Trusts

A category for REITs and BTs was created in this second edition of SGTI given their growing importance in the stock market. The market capitalisation of REITs and BTs forms about 10 per cent of the total market, and is the third largest in Asia Pacific.

In making the assessment of 42 REITs and BTs, trust-specific questions were developed to address five key areas:

- Structure.
- Leverage.
- Interested person transactions (IPTs).
- Competency of REIT manager/trustee-manager.
- Emoluments.

Key findings include:

- 78.6 per cent have at least three key executives, each with at least five years of experience relative to asset and trust management.
- 64.3 per cent have confirmation from their trustees that IPTs are on normal commercial terms and are not prejudicial to the interests of participants.
- Only 23.8 per cent provided a benchmark for performance fees.
- While 54.8 per cent have balanced gearing-to-debt maturity ratio, only 4.8 per cent disclosed a gearing policy.
- Only 16.7 per cent provided the rationale for appointment of trust/trustee manager, and one third has provisions for the removal of the trust/trustee manager.
- In summary, REITs and BTs have performed well with adequate disclosures but more attention is required for the rights of unit holders.

Ranking of REITs and Business Trusts Category

Ranking 2017	Trust Name	Overall SGTI 2017 Score
1	CapitaLand Mall Trust	96.8
2	CapitaLand Commercial Trust	95.3
3	Keppel REIT	93.3
4	CapitaLand Retail China Trust	88.7
5	Keppel DC REIT	82.6
6	Ascott Residence Trust	76.3
7	Ascendas REIT	73.2
8	SPH REIT	71.7
9	Starhill Global REIT	70.6
10	CDL Hospitality Trusts	69.9
11	Mapletree Commercial Trust	69.7
12	Frasers Commercial Trust	69.3
13	Frasers Hospitality Trust	65.9
14	IREIT Global	65.3
15	Ascendas Hospitality Trust	64.9
15	Viva Industrial Trust	64.9
17	Soilbuild Business Space REIT	64.8
18	Frasers Centrepoint Trust	64.2
19	Mapletree Industrial Trust	64.1
19	OUE Hospitality Trust	64.1
21	Far East Hospitality Trust	62.7
22	Mapletree Logistic Trust	60.4
23	Suntec REIT	60.0
24	Keppel Infrastructure Trust	59.9
25	Ascendas India Trust	59.8
26	Hutchison Port Holdings Trust	59.1
27	Mapletree Greater China Commercial Trust	58.9
28	Cambridge Industrial Trust	58.2
29	OUE Commercial REIT	57.8
30	RHT Health Trust	56.5
31	Asian Pay Television Trust	54.9
32	Cache Logistics Trust	54.4
33	AIMS AMP Capital Industrial REIT	51.9
34	Lippo Malls Indonesia Retail Trust	48.8
35	Croesus Retail Trust	46.3
36	Parkway Life REIT	42.6
37	Accordia Golf Trust	39.9
38	Saizen REIT	37.6
39	Sabana Shari'ah Compliant Industrial REIT	35.9
40	First REIT	23.5
41	Indiabulls Properties Investment Trust	18.3
42	First Ship Lease Trust	15.9

SGTI Ranking of Listed Companies 2017

RANK 2016	RANK 2017	COMPANY NAME	OVERALL SGTI2017 SCORE
1	1	SINGAPORE TELECOMMUNICATIONS	124
4	2	CAPITALAND	118
2	3	DBS GROUP HLDGS	117
3	3	SINGAPORE EXCHANGE	117
5	5	KEPPEL CORP	113
6	6	SEBPCORP INDUSTRIES	110
7	7	TUAN SING HLDGS	109
10	8	CITY DEVELOPMENTS	105
11	9	GLOBAL LOGISTIC PROPERTIES	104
9	9	OVERSEA-CHINESE BANKING CORP	104
26	11	SATS	100
14	11	UNITED OVERSEAS BANK	100
14	13	GREAT EASTERN HLDGS	99
11	13	SINGAPORE PRESS HLDGS	99
36	15	OLAM INTERNATIONAL	98
32	16	DEL MONTE PACIFIC	95
20	16	VICOM	95
16	18	STARHUB	94
27	19	MICRO-MECHANICS HLDGS	92
64	19	PERENNIAL REAL ESTATE HLDGS	92
18	21	KEPPEL T&T	91
13	21	SING INVESTMENTS & FINANCE	91
43	21	YOMA STRATEGIC HLDGS	91
28	24	QIAN HU CORP	90
32	25	CHINA AVIATION OIL (S) CORP	89
32	25	COMFORTDELGRO CORP	89
17	25	WILMAR INTERNATIONAL	89
23	28	BANYAN TREE HLDGS	88
20	28	SINGAPORE AIRLINES	88
57	28	VENTURE CORP	88
28	31	SIA ENGINEERING COMPANY	87
23	32	M1	86
41	32	SBS TRANSIT	86
48	32	WHEELLOCK PROPERTIES (S)	86
28	35	FRASERS CENTREPOINT	85
18	35	SEBPCORP MARINE	85
41	37	INDOFOOD AGRI RESOURCES	83
61	38	DYNAMIC COLOURS	82
51	38	GLOBAL INVESTMENTS	82
-	38	SINGAPORE O&G	82
23	41	BAKER TECHNOLOGY	81
74	41	HONG LEONG FINANCE	81
28	43	ARA ASSET MANAGEMENT	79
64	43	CNMC GOLDMINE HLDGS	79
64	43	JAPAN FOODS HLDG	79
51	43	SINGAPORE TECHNOLOGIES ENGINEERING	79
51	43	UOL GROUP	79
96	48	K1 VENTURES	78
64	49	TEE LAND	77
45	50	AURIC PACIFIC GROUP	76
82	51	CENTURION CORP	75
86	51	REX INTERNATIONAL HLDG	75
37	51	SOILBUILD CONSTRUCTION GROUP	75
51	51	TELECHOICE INTERNATIONAL	75
74	51	UNITED ENGINEERS	75
32	56	HOTEL ROYAL	74

RANK 2016	RANK 2017	COMPANY NAME	OVERALL SGTI2017 SCORE
37	56	MEGACHEM	74
64	56	MTQ CORP	74
96	56	RIVERSTONE HLDGS	74
96	56	TIONG SENG HLDGS	74
57	61	BREADTALK GROUP	73
37	61	FIRST RESOURCES	73
70	61	FRASER AND NEAVE	73
48	61	IFAST CORP	73
118	61	SP CORP	73
152	61	TEE INTERNATIONAL	73
45	67	COSMOSTEEL HLDGS	72
152	68	ASIAPHOS	71
152	68	ROWSLEY	71
96	70	GRAND BANKS YACHTS	70
51	70	HONG LEONG ASIA	70
139	70	VARD HLDGS	70
139	73	BUMITAMA AGRI	69
177	73	MENCAST HLDGS	69
37	73	OKP HLDGS	69
57	73	OVERSEAS EDUCATION	69
74	77	BBR HLDGS (S)	68
152	77	DELFI	68
96	77	PACC OFFSHORE SERVICES HLDGS	68
169	77	THAKRAL CORP	68
128	77	TOP GLOBAL	68
82	77	UNI-ASIA HLDGS	68
86	83	AVIC INTERNATIONAL MARITIME HLDGS	67
199	83	HANWELL HLDGS	67
96	83	SINO GRANDNESS FOOD INDUSTRY GROUP	67
70	83	YEO HIAP SENG	67
177	83	YING LI INTERNATIONAL REAL ESTATE	67
96	88	HAW PAR CORP	66
199	88	HOCK LIAN SENG HLDGS	66
91	88	HUATONG GLOBAL	66
128	88	ISEC HEALTHCARE	66
188	88	ISETAN (S)	66
177	88	JARDINE CYCLE & CARRIAGE	66
91	88	KEONG HONG HLDGS	66
295	88	KODA	66
152	88	TA CORP	66
152	88	TALKMED GROUP	66
-	88	THE TRENDLINES GROUP	66
199	88	UNION STEEL HLDGS	66
43	100	BEST WORLD INTERNATIONAL	65
217	100	BUKIT SEMBawang ESTATES	65
61	100	CHINA SUNSINE CHEMICAL HLDGS	65
118	100	COURTS ASIA	65
278	100	EQUATION SUMMIT	65
86	100	ES GROUP (HLDGS)	65
96	100	HWA HONG CORP	65
152	100	MANUFACTURING INTEGRATION TECHNOLOGY	65
82	100	MEWAH INTERNATIONAL INC	65
169	100	UMS HLDGS	65
128	100	VALLIANZ HLDGS	65
278	111	ABUNDANCE INTERNATIONAL	64
188	111	AEM HLDGS	64

*Notes:

- Abbreviations: CO - Company; CORP - Corporation; HLDG - Holding; HLDGS - Holdings; PTE - Private; S - Singapore.
- SGTI 2017 assessed companies based on their annual reports for Financial Year 2016 released by 31 May 2017. Exception was made for 20 companies which did not have their Annual Report published, in this case, these companies are assessed based on their annual report for Financial Year 2015.
- A total of 114 entities listed at SGX were excluded from the SGTI 2017 ranking. They are: 1) Newly-listed companies that do not have a full year's financial report (17 Cos.); 2) Companies that are listed as secondary listing on SGX (36 Cos.); 3) Companies that comply with other corporate governance code (one Co.); 4) Funds (nine Funds); 5) Companies that are suspended from trading (50 Cos.); and 6) Companies which did not release their annual reports for the past two years (one Co.).
- Only the top 112 companies in the General Category are shown here. For the full list, please go to www.sid.org.sg/sgti.

Sustainability and Globalisation



By **ROBERT CHEW**
Council member, SID



SUSTAINABILITY

Sustainability development is itself most sustainable when its adoption is global.

We live in a highly interdependent world. The ill effects of pollution, social inequity and corruption in places where sustainability development are ignored, could spread across borders, potentially undoing the sustainability efforts already gaining grounds in other territories and countries.

The issues about sustainability development cannot, therefore, just be addressed locally. They require concerted efforts of governments, businesses and societies all over.

Sustainability development and reporting is a topic that has been given plenty of attention in this year's editions of the *Directors' Bulletin*. We highlighted that the new business mantra is definitely no longer that "greed is good", but that growth and development must meet "the needs of the present without compromising the ability of future generations to meet their own needs". Businesses should integrate sustainability development into their goals, strategies and operations, and not address it as just another marketing or annual corporate social responsibility initiative. Sustainability reporting helps bring this to the attention of the board, management and investors.

Global challenges

However, all these sustainability practices need to be adopted globally. Everyone needs to do his or her part because the issues that sustainable development address are inherently systems in nature.

These issues embody multiple interrelated elements. Previous articles in the *Bulletin* discussed the importance of the environmental, social and governance elements for businesses. However, lack of oversight can allow management to circumvent environmental and other regulations.

The effects of not adopting sustainable practices go beyond the immediate vicinity in which they may have been intended.

Take, for example, the relatively simple and common practice of recycling materials. To do this right, it is best to avoid mixing garbage with recyclable materials. Putting the wrong recyclables into the bin could ruin an entire batch; the entire batch will not be able to be recycled. It would also mean that sorting machines are damaged, more sorting machines are needed, or not sorting at all, whereby the whole batch ends up in a landfill. Implementing just this sustainable practice compels us to think through the process systematically, holistically.

Next, consider the larger, more complex nature of the environmentally unfriendly practice of "slash and burn" of clearing land for new plantations. This is definitely a fast and quick way to clear the land, but the adverse environmental effects are huge.

In 2015, tens of thousands of hectares of forest in Indonesia were set alight for more than two months resulting in poor quality of air and haze affecting not just Indonesia, but also neighbouring Malaysia and Singapore.



Six Indonesian provinces declared a state of emergency. Schools in Singapore and Malaysia had to be shut down. Flights were grounded. Public outdoor events were cancelled. And Indonesian products were boycotted. In the worst affected parts in Sumatra and Kalimantan, hundreds of thousands of acute respiratory tract infections were reported. Not implementing sustainable practices had resulted in adverse effects, impacting millions of people in places thousands of kilometres away.

The two examples illustrate the systems and systemic nature of the issues that sustainability development addresses. The first shows the need to ensure that all the related elements of a sustainability practice are implemented. Non-compliance could remove the positive effects planned for. The second shows that the ill effects of non-compliance in one country affected neighbouring countries. There is much truth to the old wives' saying "one bad apple spoils the entire bunch".

Global response

It is therefore not surprising that the call for sustainable development has consistently been a global one, beginning with the Rio Earth Summit in 1992. The concept of sustainable development formed the basis of the UN Framework Convention on Climate Change held in Rio de Janeiro. The summit marked the first international attempt in drawing up action plans and strategies towards a more sustainable pattern of development. It was attended by over 100 heads of state and representatives from 178 national governments and non-governmental organisations.

The international environmental treaty at the 1992 Rio Summit was followed by the 1997 Kyoto Climate Agreement, which launched an international protocol designed to guide the international community towards sustainable development. More notably, in September 2015, the UN General Assembly formally adopted the "universal, integrated and transformative" 2030 Agenda for Sustainable Development, a set of 17 Sustainable Development Goals (SDGs). These goals are to be implemented and achieved in *every country* from the year 2016 to 2030.

Unfortunately, progress has not been great. The most recent report on the SDGs concluded: "While considerable progress has been made over the past decade across all areas of development, the pace of progress observed in previous years is insufficient to fully meet the SDGs and targets by 2030. Time is therefore of the essence." And recent world events, such as the US presidential election and Brexit, indicate that global action on climate change and other environmental issues could face stronger political headwinds in the years ahead.

But now is not the time to back down. Instead, it is the time to step up and forge ahead; the time to leverage sustainable development in creating "a new globalisation". ■

SID Directors' Conference 2017

"Sustainability is a Business Imperative"

The over 1,000 delegates at this year's SID's annual flagship conference themed, "The Sustainability Imperative", were treated to a boisterous welcome at the event, held on 12 September at the Suntec Singapore Convention and Exhibition Centre.



The SID Conference this year did away with the lacklustre pre-event formalities and instead got over 100 placard-carrying “protestors” stage a mock “Occupy Suntec” demonstration, much to the wonder of the conference attendees.

The youths, with clenched fists, chanted slogans and shouted their demands for reduced income inequality, protection of the environment, and fair treatment by businesses. Delegates responded in amusement and took pictures of, and with the demonstrators.

The conference plenary opened with a powerful video asking participants to first imagine a world spiralling down with the massive destruction to planet earth, social injustice and violence, and then to reimagine a more sustainable one. The video was augmented by the same student demonstrators coming on stage to enact the two scenarios.

In his welcome address, SID Chairman Willie Cheng told delegates that “business, or more specifically ‘brute capitalism’, is being viewed as a major cause of many of the problems confronting the world today, from environmental degradation to the income divide and corruption”.

He reminded the audience of SID’s 2014 conference theme, “Towards A New Capitalism” and its then-prediction of a new and more compassionate form of capitalism that moved away from the paradigm of “maximising shareholder value”. In his view, the tide of sustainability has now shifted the world towards this new capitalism.

In his guest-of-honour address, Minister Chan Chun Sing, who is also Secretary-General of NTUC, provided an overview on Singapore’s sustainability journey over the last 52 years. He cited the example of

water which began as an existential issue, and how dealing with it effectively through the four national taps (imported water, local catchment, NEWater and desalinated water) has created a global competitive advantage for Singapore companies in water reclamation and technologies.

At the same time, he highlighted how resolving the water issue (which can be energy intensive) and Singapore’s industrialisation has created challenges for it in energy supply. He said that a challenge of the next 50 to 100 years is in making ourselves less dependent on external energy sources.

Minister Chan commended SID for the drive to bring home the message of sustainability to the corporate sector. Minister Chan also launched a *Sustainability Guide for Boards* and presented trophies to the winners of the inaugural Singapore Sustainability Reporting Awards.

The keynote speaker was Professor Dr Jan Peter Balkenende, the former Prime Minister of The Netherlands. He shared the similarities between Singapore and The Netherlands, and provided insights on the sustainability efforts around the world and in his country.

Some 30 speakers spread over six panels then deep-dived into various aspects of the subject of sustainability for the rest of the day: the board’s response to the sustainability agenda, new business models and innovations, ESG and hybrid organisations. These are covered on pages 64 to 69.

This year’s event also featured an unusual “Global Realities Lunch” where participants experienced how their lot in life (and food) might change with the luck of a draw, and a “Sustainability Showcase” of more than 30 exhibitors on sustainability models and solutions.

Opening

Occupy Suntec: The 99% against the 1%



Imagine a better, more inclusive world...



It is time for boards to care...

“It’s important that we recognise the power that corporations wield. Of the top 100 economic entities in the world, 70 per cent are corporations, whilst only 30 per cent are countries... Our stakeholders are telling us that they care about sustainability. As corporate leaders and directors, we have a clear and urgent duty to act on the sustainability imperative.”

Mr Willie Cheng
Chairman, SID

GOH and Keynote



Deriving competitive advantage from existential threats

“ For Singapore, sustainability is not a choice. It is existential to us, for instance, water in the last 50 years, and energy in the next 50 years. But technology is on our side. Can we, for example, imagine a city where every panel, every wall and every window is an energy collection point? If we can do that, we can tap on more sustainable and renewable energy that would greatly reduce our demand for external energy supply. And this will have the same impact on Singapore society and economy just as water has. There will be a reduction in the threat of disruption of external energy supply, and a more sustainable and clean environment to live in.

We have turned our challenges into a competitive advantage, especially when coupled with Singapore’s brand of trust. Our companies, including the SMEs that make up 99 per cent of companies here, can similarly recognise that sustainability is not just right and nice, but it can also be a competitive advantage for them when it comes to business opportunities and attracting talent.”

Minister Chan Chun Sing
Secretary-General, NTUC

Hope, dreams and actions toward moral capitalism



“ Today’s and tomorrow’s world is challenging but fascinating. It is an agenda of hope: the sustainable development goals (SDGs), climate change, and the circular economy.

This global agenda calls for a change in the roles and responsibilities for businesses. Companies need to seriously consider how they can fully implement sustainability in their business strategies and models. Leading corporations need to collaborate in a responsible way with a long-term focus. The implementation of the SDGs is key.

There are huge opportunities in this new economy. But it calls for a change in mindsets. Today’s extraordinary must become tomorrow’s ordinary.

The sustainability agenda has begun to push into the commercial mainstream. Business model innovation is becoming the new strategic imperative.

With such a spirit, we can tackle the global sustainability agenda; we can develop sustainable growth business models; and we can enhance moral, conscious capitalism.”

Professor Dr Jan Peter Balkenende
Former Prime Minister of The Netherlands

Sustainability Guide for Boards

The *Sustainability Guide for Boards* is produced by SID, in collaboration with KPMG and SGX.

The first of its kind in Singapore, the publication is designed to help boards fulfil their governance role in the strategic formulation and execution of the company's sustainability vision. Specifically, it dovetails in to the directions of Singapore SGX Listing Rules 711A and 711B, which requires sustainability reporting for listed companies on a "comply or explain" basis.



L to R: Ian Hong (Partner, Sustainability Advisory & Assurance, KPMG), Joyce Koh (Executive Director, SID), Minister Chan Chun Sing, Tan Boon Gin (CEO, SGX Regco).

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Singapore Sustainability Reporting Awards



L-R: Robert Chew (Chairman, SSRA Panel of Judges), Max Loh (Managing Partner, ASEAN, EY), Esther An (Chief Sustainability Officer, CDL), Minister Chan Chun Sing, Lee Wai Fai (CFO, UOB), Victor Ng (CEO, Singapore O&G Limited), Tan Boon Gin (CEO, SGX Regco).



including the key areas as set out in the SGX sustainability reporting rules and guidelines. The key assessment areas broadly include material ESG factors, sustainability policies, practices and performance.

The inaugural Singapore Sustainability Reporting Awards (SSRA) is organised by SID in collaboration with EY and SGX.

The SSRA seek to encourage and recognise excellence in sustainability reporting among Singapore listed companies.

The sustainability reports produced by listed companies are examined for the quality of presentation and the information disclosed,

The winners, decided by an independent panel of seven distinguished judges, are:

- Best Inaugural Sustainability Report (Catalist): **Singapore O&G Limited**
- Best Inaugural Sustainability Report (Mainboard): **United Overseas Bank Limited**
- Best Sustainability Report for Established Reporters (Mainboard and Catalist): **City Developments Limited**

Plenary Panel 1

The Sustainability Agenda: How Should Boards Respond



L to R: Diaan-Yi Lin, Tan Boon Gin, Chew Gek Khim, Heinrich Jessen, Jan Peter Balkenende.

“ The audience poll is generally positive. It shows that most participants feel that the board has a responsibility to effectively manage risks and opportunities related to sustainability. Although still in the majority, few see their boards engaged in their company’s sustainability efforts, and feel that companies should seek to help achieve UN Sustainability Development Goals.”

Ms Diaan-Yi Lin

Managing Partner, Singapore, McKinsey & Company

“ Part of our approach is latitude and individuality for issuers. For example, a large company with complex operations and a big footprint may want to look at a reporting model like the GRI. Small companies, on the other hand, can use a much simpler format. Also, we take a phased approach to implementation. Sustainability is ultimately about the long-term success of your business.”

Mr Tan Boon Gin

CEO, Singapore Exchange Regulation

“ The Dutch Sustainable Growth Coalition (DSGC) is a group of major Dutch multinationals such as Philips, Unilever and Shell, seeking to proactively drive sustainable growth business models. By coming together, to shape, share and stimulate, they collectively contribute to tackling the challenges we face today. This is a model that other companies could follow.”

Professor Dr Jan Peter Balkenende

Former Prime Minister of The Netherlands

“ Our sustainability journey began early, when I first joined the company 22 years ago. It was not driven by any requirement for sustainability reporting. We adopted ISO 14001 and OHSAS 18001 to ensure consistency across our 40-plus subsidiaries. In 2007, we started measuring our carbon footprint and taking steps to reduce it. In the last six years, we are carbon neutral.”

Mr Heinrich Jessen

Chairman, Jebsen & Jessen

“ Sustainability reporting is but the first step. Most of the companies already have some sustainability practices in place. However, merely reporting what one does, does not quite get us there. The important step is a mindset change, which requires us to look at the holistic impact of the company on the environment. The big challenge is that our current financial framework does not account for the actual cost of environmental degradation. Asset owners are thus not incentivised to support environmentally friendly initiatives.”

Ms Chew Gek Khim

Executive Chairman, The Straits Trading Company Limited

Plenary Panel 2

The New Capitalism: Will Hybrid Organisations and New Business Models Succeed?



L to R: Teng Pei Yun, Mahendra Chouhan, Gautam Banerjee, Kim Tan, Marcello Palazzi.

“ The list of social impact funds and social venture capital has been growing. They did not exist 10 years ago. Companies and even governments are doing so. We see foundations, corporations, high net worth individuals, family offices all participating in these funds. There are also a number of academics who are engaged and talking about shared values, Quaker capitalism, economics of mutuality, etc. So, I think there is a social tsunami coming. Watch out if you are not participating.”

Dato Dr Kim Tan

Co-Founder, Transformational Business Network

“ Social enterprises are business entities with social goals. They are important because they can develop new sustainable business models for unmet social needs and gaps, and in the process, reduce reliance on government funding and donations. They also provide a good platform for changemakers and bring business closer to society.”

Mr Gautam Banerjee

Chairman, Blackstone Singapore

“ The recent UN SDGs update in New York showed positive trends reflecting significant role played by Private Sector in planning & implementation of SDGs in their respective countries. Companies should use the SDG Compass developed by GRI, UN Global Compact & WBCSD to align their strategies as well as measure and manage their contributions to the realisation of the SDGs.”

Professor Mahendra ChouhanVice Chairman, Global Advisory Board,
Asian Centre for Corporate Governance and Sustainability

“ B Corps or For-benefit businesses is a new generation of enterprises that pursue impact and profit. It was launched in 2006 and there are now over 7,000 B Corps in 54 countries. Business as Usual is dying, a new era is being born.”

Mr Marcello Palazzi

Global Ambassador, B Corps

“ We heard the need for capitalism to be more inclusive, more compassionate and more sustainable. Businesses need to be more than just profit-making machines. The audience poll shows that Singapore's business leaders believe that social enterprises can indeed succeed in both their business and social missions, and that positive social change is achieved not only through charities and philanthropic organisations. We look forward to more innovative and inclusive business models.”

Ms Teng Pei Yun

Global Director of Social Impact, A.T. Kearney

Breakout 1

Environment: Is There a Change In Climate Towards Saving The Earth?



L to R: Sharad Somani, Cheong Koon Hean, Esther An, Edwin Khew, Frank Phuan.

“As a government, we are committed to addressing climate change and to be sustainable. Singapore’s development will be guided by a Sustainable Singapore Blueprint: setting targets to develop eco-smart endearing towns; a “car lite” city, a zero-waste nation; a leading green economy; and an active and gracious community. The public sector is also taking the lead with a three-year plan that focuses on electricity savings, water savings, green building adoption, waste reduction, and solar adoption. We are also actively pursuing mitigation and adaptation measures to deal with climate change.”

Dr Cheong Koon Hean

CEO, Housing & Development Board

“To further mitigate the effects of climate change, Singapore has increased the use of natural gas (versus fossil fuel) from 80 to over 95 per cent, to generate electricity. To reduce CO2 further and to meet Singapore’s commitments to the Paris Climate Accord or Agreement by 2030, we need to focus on energy efficiency and renewables. There is a government push towards this end, which includes the Energy Conservation Act, incentives and grants by NEA, a carbon tax by 2019, and many clean tech R&D initiatives.”

Mr Edwin Khew

Chairman, Sustainable Energy Association of Singapore

“Come next year, we will have off-site solar. This means that we can generate solar energy at one location, pump that energy into the grid, and retailers can buy that clean energy and on-sell it to its customers. Each household can choose who its energy retailer is. It will definitely be cheaper than what you are currently procuring from Singapore Power. At least 20 per cent savings. This is a new type of business model.”

Mr Frank Phuan

Co-Founder and Managing Director, Sunseap Group

“Our company’s sustainability journey started in 1995. We are now looking at future-proofing our business by integrating sustainability and harnessing capital for value creation. In financial capital, we have achieved more than S\$16 million in savings from energy-efficiency retrofitting and initiatives implemented for eight buildings from 2012 to 2016. In natural capital, we have reduced carbon emission by 16 per cent, energy by 25 per cent, and water usage by 15 per cent. In manufactured capital, 100 per cent of office buildings owned or managed by CDL have received Green Mark Gold^{PLUS} and Platinum certification.”

Ms Esther An

Chief Sustainability Officer, City Developments Limited

“Our diverse discussions highlighted the need for a multi-pronged approach. Singapore needs both technological innovation ‘hardware’ as well as awareness and education ‘software’ if we are to be successful in mitigation and adaptation.”

Mr Sharad Somani

Partner and Head, Infrastructure Advisory, KPMG

Breakout 2

Social: Serving or Leveraging the Community?



L to R: Wilson Ang, Ruth A. Shapiro, K.V. Rao, Sim Gim Guan, Augustine Tan.

“Corporate Sustainability is a complex topic. Social giving is only part of it and the viability of it on the long run is questionable. To practise sustained corporate giving, it is important to first understand the intent of giving, which is important. Second, it will be to review your current assets, and see what you can give that will be beneficial to the community. Finally, it's about getting other stakeholders onboard through the various available methods to achieve it.”

Mr Wilson Ang

Executive Director, Global Compact Network Singapore

“Companies are addressing community needs in Southeast Asia. Our research has shown three innovative models which are worth understanding. In one model a company uses both financial and human resources to build capacity of nonprofit organisations they support. A second model comes under the rubric of inclusive business i.e., strategies that produce ROI for the company while providing a product or service to the poor. The third model is what we are calling “DIY philanthropy” when a company uses its own people distribution systems and project management expertise to deliver a social good to a community.”

Dr Ruth A. Shapiro

Chief Executive, Centre for Asian Philanthropy and Society

“Far East Organization is a Christian enterprise. We seek to build a community of love and a workplace of grace that welcomes all Christians and non-Christians alike. Our staff welfare programme aims to better employees' way of life and build a healthy workplace environment. Employees have also given positive feedback on how their personal values align with the Organization's values. They recognise that the values projected through the Organization's gifting initiatives are universal, transcending cultures and religions.”

Mr Augustine Tan

Executive Director, Far East Organization

“Community is the very purpose for the existence of a business. Tata's mission is to improve quality of the lives of communities, in which we work and live,... as we serve through long-term stakeholder value creation, based on leadership with trust. CSR is not a left brain or rain brain activity. It needs to come sincerely from one's heart. That is why we try our best to enthuse our employees to develop that empathy and the desire to do good for the community, through various platforms.”

Mr K.V. Rao

Resident Director – ASEAN, Tata Sons Limited

“There are three key thrusts in the Social Service Sector Strategic Thrusts (4ST), which defines the five-year Social Service Roadmap. The first is to empower individuals, their families and communities. Next is effective social purpose entities that deliver quality, innovative and sustainable solutions. And a caring, collaborative and impactful social service ecosystem completes the picture. This means a strengthened people, public and private sector collaboration for greater impact.”

Mr Sim Gim Guan

CEO, National Council of Social Service

Breakout 3

Governance: How is it Connected to Sustainability?



L to R: Simon Yeo, Lawrence Loh, Constant Van Aerschot, Neo Gim Huay, Thomas Thomas.

“ Sustainability should be everywhere in the company but the thing that ties it all together is governance. The Singapore Governance and Transparency Index (SGTI) results show that corporate governance practices have generally improved. However, the attention given to sustainability has, in fact, been very low. SGX requirement on sustainability reporting is therefore timely.”

Dr Lawrence Loh

Director, Centre for Governance, Institutions & Organisations, NUS Business School, National University of Singapore

“ We are reaching the limits of capitalism in its present form. Governments, investors and other stakeholders are signalling that Nature is no longer unlimited. The companies who understand this are shifting their paradigms towards a value chain approach. Those who do business as usual are going to lose out. The role of the board is crucial in this respect.”

Mr Constant Van Aerschot

Executive Director, Business Council for Sustainable Development Singapore

“ A recent EY sustainability survey of 320 investment institutions worldwide found that the top-most reason cited by investors for ruling out an investment immediately is the risk or a history of poor governance. Another finding is the importance of a company's policies on business ethics.”

Mr Simon Yeo

Partner, Climate Change & Sustainability Service, Ernst & Young LLP

“ In ASEAN, we are promoting a regional pledge on business integrity. We want to raise the bar so that all businesses are compliant to the standards of the UK Bribery Act (presently the gold standard on bribery) as if it is enforceable. It will not be done overnight, it is a journey. However, you cannot wait for a scandal or a mistake. It is always better to buy an umbrella when it is not raining.”

Mr Thomas Thomas

CEO, ASEAN CSR Network

“ As an active investor, Temasek delivers sustainable value in the long-term. We focus on intrinsic value and our core risk-return framework, promoting sound corporate governance in our portfolio. As a forward looking institution, we are guided by our corporate values of meritocracy and integrity. We pursue excellence by developing our people, capabilities and our corporate processes. Further, we constantly challenge and reinvent ourselves to stay relevant. Finally, as a trusted steward, we strive for the advancement of our communities across generations, engaging our communities based on the principles of sustainability and good governance.”

Ms Neo Gim Huay

Group Managing Director, Sustainability & Stewardship, Temasek International

Breakout 4

Hybrid Organisations: What Makes Them Tick?



L to R: Alfie Othman, Marcus Lim, Kenneth Tan, Jack Sim, Naina Subberwal Batra.

“ The World Toilet Organisation (WTO) is a small NGO. We use humour to make toilets an attractive subject. Politicians talk about toilets to win elections. Celebrities promote it because it makes them look good. The media writes about it because it gets them readership. NGOs get involved because it gets them funding. No matter their motivations, toilets are built, and that is the most important thing. When you create a movement, you cannot do it by yourself, but you can succeed when there is a chain reaction of alignment with other people, who will then take ownership for the cause.”

Mr Jack Sim

Founder, World Toilet Organisation and BOP Hub

“ The bulk of social enterprises (SEs) in Singapore have annual revenue of \$50,000 to \$500,000. Fourteen per cent have annual revenue of more than \$500,000. Profit is not a dirty word. In fact, it is very important that SEs fund their social programmes using their own profits. Otherwise, the business and social mission is not sustainable. This is what sets them apart from charity organisations. Only eight per cent of SEs rely on donations, grants and sponsorships.”

Mr Alfie Othman

CEO, Singapore Centre for Social Enterprise, raISE Ltd

“ Water shortage is a universal problem, for both the poor and the well-to-do. This makes it a major market opportunity. The for-profit part of Ecosoftt provides professional services as well as water technologies for those who can pay for it. We then use the profits to create social impact, and help the marginalised communities get access to clean water.”

Mr Marcus Lim

Co-Founder and Managing Director, Ecosoftt

“ The social enterprises under the NTUC umbrella have been set up to address specific social needs. We follow four founding principles to ensure sustainability. First, we must be fully competitive with private enterprises. Second, we aim to engage in fields in which we have a natural built-in advantage. Third, we establish and maintain the highest standards of integrity. Finally, we must have an effective management who are recruited based on merit. Our hybrid model is to Do Good Sustainably - Do Good is the intent but doing well with commercial excellence is a must.”

Mr Kenneth Tan

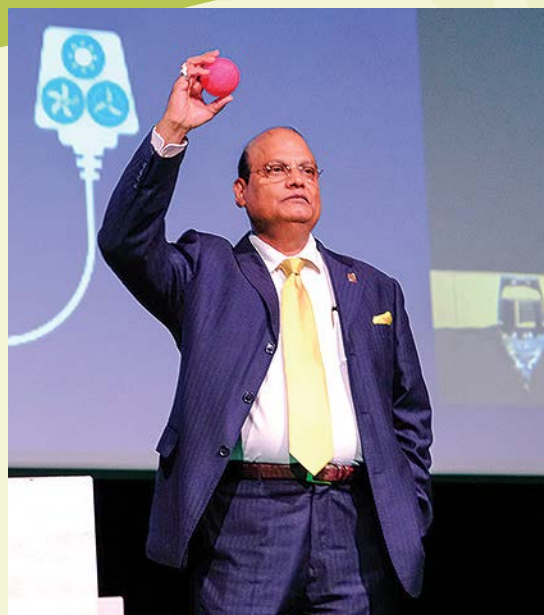
Chief Strategy Officer, NTUC Enterprise

“ Hybrid organisations are the way forward as businesses realise that they need to broaden their mission from just wealth generation to supporting enrichment of the communities they operate in.”

Ms Naina Subberwal Batra

CEO, Asian Venture Philanthropy Network

Global Realities Lunch



Prior to the experiential lunch, participants were told how unfair life and its fortunes can be. They were then randomly divided, based on the colour of their lanyards, into three groups: Upper Class, Middle Class and Lower Class. Professor Mahendra Chouhan drew out two coloured balls on stage, which determined the colours of the Upper and Lower Classes. The other lanyard colours went to the Middle Class.

The Upper Class received gourmet food in fine dining settings. The Middle Class had a lunch buffet. The Lower Class had porridge while seating on crates and make-shift tables. Toward the end of lunch, ABR Holdings, the lunch sponsor, gave all those in the Lower Class a voucher to a complimentary meal at Swensen's restaurants.

Dylan Soh, a 14-year old boy spoke at lunch, admonishing the adults on the world they are leaving for him.

Upper Class



Middle Class



Lower Class





Sometimes, life just isn't fair

“ Sometimes life just isn't fair. Many people are born poor, and are destined to remain in poverty throughout their lives, through no fault of their own. Some people are lucky enough to be born rich, and to enjoy their wealth throughout their lives, often with no great effort or contribution on their part. Again, life isn't fair. And now, just for a short while, we're going to demonstrate just how unfair things can be, even in Singapore.”

Mr Philip Forrest

SID Council Member, and Conference Emcee



Thanks, but no thanks, for leaving me this "beautiful" world

“ If the world continues as it is, no amount of baby bonus will convince me to have children. My generation will have to solve these problems. So, if you're not gonna help, please don't stand in the way. Be a part of the solution. Not the problem. And I think you can. Because you were once me. Young, idealistic, full of hope for the future. We are both the pioneer generation.”

Master Dylan Soh



Enjoy the meal, but be sustainable

“ I know that our shareholders want us to do what we can to contribute to a fairer and more sustainable world. And so do our staff, and our suppliers, and our customers. And, of course, the youths – you heard Dylan Soh voicing their concerns. They have every right to demand that we in the corporate sector do what we can to leave the planet in better shape... Let's commit today to always having sustainability in our minds and on the agenda.”

Mr Keith Chua

Executive Chairman, ABR Holdings Limited

Sustainability Showcase

In the afternoon, participants were able to view and interact with some 35 organisations including mainstream commercial companies, clean tech solution providers, social enterprises, and NGOs, on their sustainability initiatives and innovations.



Scene and Heard



“Fourteen of us from Thailand flew in to attend the SID Directors' Conference. We benefitted much from the event. It was also great to be able to network with fellow directors in Singapore”

Dr Bandid Nijathaworn
President and CEO, Thai Institute of Directors

“This is my first SID Directors' Conference. I was bowled over by the event. It was informative and really interesting. Even more important, it inspires the delegates to talk the talk, and walk the walk.”

Ms Chan Siew Ling
Managing Partner, Red Square

“Lack of awareness and the right mindset are obstacles hindering the implementation of sustainability. The SID conference is not only timely and apt, but demonstrated why sustainability matters, and why we can and should be part of the solution, rather than problem. The *Sustainability Guide for Boards* will be especially useful for boards to play their role in this respect.”

Mr Tan Lye Huat
Independent Director

“The event is a meaningful display of passion and purposeful connects to the people that matters. We are pleased to be here to share on the transforming power of dreams. Let's dream of a sustainable future. Let's fly together.”

Mr Alvin Lee
Founder, Castles Can Fly (a social enterprise at the Sustainability Showcase)

“Well done to SID. The conference was appropriately themed 'The Sustainability Imperative' because this should be core to every business. We owe it to our future generations to create a sustainable future. It's no longer an option, it's an imperative.”

Mr Mark Wakeford
CEO and Executive Director, IndoAgri

“I flew in from Australia to attend this conference on recommendation of a colleague who attended last year's. I am impressed. Binging together directors and global thought leaders to share their insights on sustainability and emerging business models in such a thought provoking and interactive manner was of incredible value.”

Mr Trent Bartlett
Independent Director and Chairman

“'The Sustainability Imperative' is a timely and important theme. The conference attracted senior directors and corporate leaders, and impressive speakers with great content. The Sustainability Showcase attracted a lot of attention and good business all round. With the Global Realities Lunch, *Sustainability Guide for Boards* and the Sustainability Reporting Awards, these make it a gamechanger of a conference.”

Mr Ken Hickson
Chairman, Sustain Ability Showcase Asia (SASA) ■

2017 Singapore Corporate Awards

Celebrating Diversity and Excellence in Corporate Governance



The Singapore Corporate Awards 2017 celebrated “diversity” for its 12th anniversary and highlighted Singtel for its boardroom diversity with a Special Recognition Award.



The annual black-tie gala dinner for the Singapore Corporate Awards was held on 18 July 2017 at the Resorts World Convention Centre.

Mr Lawrence Wong, Minister for National Development and Second Minister for Finance was the guest-of-honour.

The event was co-organised by SID, the Institute of Singapore Chartered Accountants, and *The Business Times*. It is supported by the Accounting and Corporate Regulatory Authority and the Singapore Exchange, and sponsored by Bank Julius Baer.

The emcee-hosts for the evening were Mrs Stefanie Yuen-Thio, joint Managing Director of TSMP Law Corporation and Mr Zulkifli Baharudin, Chairman of Indo Trans Corporation. They spiced the evening with their bold humour on the subject of race diversity and other social media trending topics.

Guests were pleasantly surprised by the three co-chairs of the awards steering committee, Mr Willie Cheng, Mr Tam Chee Chong and Mr Wong Wei Kong, who performed a short dance synchronised with lights on the screen.



Guest-of-Honour Minister Lawrence Wong.



Evelyn Tan.



Bank Julius Baer's Torsten Linke.



SCA Co-chairs: ISCA's Tam Chee Chong, BT's Wong Wei Kong, SID's Willie Cheng.



Guests networking before the proceedings begin.

Your hosts for the evening...



Stefanie Yuen-Thio and Zulkifli Baharudin.



Ng Shin Ein and Philip Jeyaretnam.



Kai Nargolwala and Lynda Wee.



Olivier Lim and Aliza Knox.



Lim Ee Seng and Kamilah Kassim.



Frank Lavin and Pauline Goh.

And the winners are...



Best Annual Report (Gold, Big cap).



Best Investor Relations (Gold, REITs and Business Trusts).



Best CFO (Big cap, Mid cap and Small cap).



Best CEO (Big cap and Small cap).



Best Managed Board Award (Gold, Mid cap, Big cap and Small cap).



Special Recognition Award for Board Diversity.



There was a series of presentations of the award winners, announced by six pair of diverse award hosts, done in the tradition of the Academy Awards. This year, history was made as Ms Chua Sock Koong of Singtel became the first female winner for the Best CEO Award. With this award, she is also the first individual to have won both the Best CEO and Best CFO awards since the inaugural Singapore Corporate Awards in 2005.

Singtel also bagged the Special Recognition Award for its board diversity. In his acceptance speech, Singtel's Chairman, Simon Israel emphasised how board diversity in terms of skills, backgrounds, experiences and gender contribute to more robust discussions and balanced decisions.

Besides Singtel, there were also several companies that took home multiple awards. CapitaLand group of companies led the pack with four awards.

The evening ended with all winners and presenters gathered on stage for a group photo and a confetti cannon send-off. ■



CONGRATULATIONS TO ALL WINNERS!

BEST MANAGED BOARD AWARD

MARKET CAP OF \$1B & ABOVE

GOLD: DBS Group Holdings Ltd
SILVER: CapitaLand Ltd
BRONZE: SATS Ltd

MARKET CAP OF \$300M TO LESS THAN \$1B

GOLD: Keppel Telecommunications
& Transportation Ltd
SILVER: Q & M Dental Group (Singapore) Ltd
BRONZE: Riverstone Holdings Ltd

MARKET CAP OF LESS THAN \$300M

GOLD: Micro-Mechanics (Holdings) Ltd
SILVER: Dynamic Colours Ltd
BRONZE: Soilbuild Construction Group Ltd

BEST CHIEF EXECUTIVE OFFICER AWARD

MARKET CAP OF \$1B & ABOVE

Ms Chua Sock Koong
Group CEO
Singapore Telecommunications Ltd

MARKET CAP OF \$300M TO LESS THAN \$1B

Mr Mark Julian Wakeford
Chief Executive Officer
Indofood Agri Resources Ltd

MARKET CAP OF LESS THAN \$300M

Mr Khoo Boo Hor
Chief Executive Officer
Sunningdale Tech Ltd

BEST CHIEF FINANCIAL OFFICER AWARD

MARKET CAP OF \$1B & ABOVE

Mr Darren Tan Siew Peng
Chief Financial Officer
Oversea-Chinese Banking Corporation Ltd

MARKET CAP OF \$300M TO LESS THAN \$1B

Mr Rajesh Chopra
Group Chief Financial Officer
Mewah International Inc.

MARKET CAP OF LESS THAN \$300M

Ms Foo Ai Huey
Chief Financial Officer
Centurion Corporation Ltd

BEST INVESTOR RELATIONS AWARD

MARKET CAP OF \$1B & ABOVE

GOLD: City Developments Ltd
SILVER: Sembcorp Industries Ltd
BRONZE: Frasers Centrepoint Ltd

MARKET CAP OF \$300M TO LESS THAN \$1B

GOLD: Del Monte Pacific Ltd
SILVER: Tuan Sing Holdings Ltd
BRONZE: Banyan Tree Holdings Ltd

MARKET CAP OF LESS THAN \$300M

GOLD: Micro-Mechanics (Holdings) Ltd
SILVER: Centurion Corporation Ltd
BRONZE: ZICO Holdings Inc.

REITS & BUSINESS TRUSTS

GOLD: CapitaLand Commercial Trust
SILVER: Ascendas REIT
BRONZE: Mapletree Greater
China Commercial Trust

FIRST-YEAR LISTED COMPANIES

MERIT: Secura Group Ltd
MERIT: United Global Ltd

BEST ANNUAL REPORT AWARD

MARKET CAP OF \$1B & ABOVE

GOLD: DBS Group Holdings Ltd
SILVER: Sembcorp Industries Ltd
BRONZE: Keppel Corporation Ltd

MARKET CAP OF \$300M TO LESS THAN \$1B

GOLD: Tuan Sing Holdings Ltd
SILVER: Banyan Tree Holdings Ltd
BRONZE: Del Monte Pacific Ltd

MARKET CAP OF LESS THAN \$300M

GOLD: Megachem Ltd
SILVER: Singapore O&G Ltd
BRONZE: Baker Technology Ltd

REITS & BUSINESS TRUSTS

GOLD: Frasers Commercial Trust
SILVER: CapitaLand Mall Trust
BRONZE: CapitaLand Commercial Trust

FIRST-YEAR LISTED COMPANIES

MERIT: Manulife US REIT

SPECIAL RECOGNITION AWARD

Singapore Telecommunications Ltd

Are you ready for IFRS?



By **IRVING LOW**
Council member, SID

On 1 January 2018, Singapore-incorporated companies on SGX need to apply a new accounting framework identical to the International Financial Reporting Standards (IFRS). Alongside this, there is an overhaul of two major accounting standards on revenue recognition (IFRS 15) and financial instruments (IFRS 9).

How ready are companies for these new accounting standards?

According to a recent study by KPMG, as of 30 April 2017, only about 30 per cent and 35 per cent of 396 listed companies in Singapore have explained where they stand when it comes to the new accounting standard on revenue and financial instruments respectively in their 2016 Financial Statements.

That is not a good result, especially if you consider that ACRA reminded companies and their directors in 2016 through Practice Guidance No. 1 to disclose their status of preparedness, including reasonably estimable quantitative information on the expected impact in their 2016 accounts. And almost no company provided any numbers.

How much progress have listed companies made since 30 April 2016? Anecdotally, speaking to professionals who are helping companies with the implementation of such requirements, no one seems to be appropriately excited about going “live” on the new requirements in January 2018.

Urgent action needed

The reality is that massive changes in the accounting framework and standards are going to take time



COUNTING BEANS

to be understood, interpreted, implemented and embraced. It cannot be treated as “business as usual”.

To this end, the entire financial reporting ecosystem, from preparers, audit committees (ACs) and auditors to regulators and the stock exchange, all have to play their role well and work hand-in-hand to deal with the challenge. This includes creating awareness, educating stakeholders and allowing for the flexibility that is needed when it comes to interpreting how accounting standards should be applied in practice.

Most of all, it means that companies have to gear up and prepare for the new accounting standards.

Their most urgent task is to prepare for the disclosures in the 2017 Financial Statements on the readiness of applying the two new standards. As both standards are applicable from 1 January 2018 onwards, expectations are that some form of quantitative impact will be included in the 2017 disclosures.

Catching stakeholders by surprise with the first interim results announcement under the new standards during 2018 is certainly not advisable. The regulators have made it clear what their expectations are: meaningful and comprehensive explanation of the impact of the new standards.

Boards need to act

Boards, and especially ACs, need to ensure that they provide the necessary oversight in this undertaking. Directors could start by first asking the right questions of finance:

Immediate Action on the New Accounting Standards

- **Form a workgroup.** This working group should be sponsored by the board and the CFO for immediate mobilisation.
- **Organise a kickoff workshop.** The workshop should involve all internal stakeholders impacted by the new standards: finance, business heads, legal, sales, treasury, operations and any others that can help in compiling the information needed to assess the impact. Given the little time left, finance alone will not be able to get it all done in time.
- **Collect the information.** After the workshop, all stakeholders should collect the necessary information (for example, sales contract types) and provide them back to the workgroup. The information should then be analysed to identify clusters of similar data or contracts. The clusters should then be analysed to quantify the accounting impact.
- **Organise a second workshop.** This workshop discusses the results of the cluster analysis and quantification. Once agreed, the quantification can be used to inform the other stakeholders.
- **Extrapolate the data.** Considering materiality (which should involve the external auditors), the cluster information should be used to extrapolate the quantitative impact on the financial statements as a whole. This information may be of sufficient accuracy for disclosure purposes in the 2017 financial statements.
- **Refine the numbers.** A more refined computation of numbers should be planned on an ongoing basis for implementation in 2018. The next key deadline will be the first interim results announced in 2018, as those numbers will have to be under the new requirements, including the restated comparative information.
- **Prepare a longer-term project plan.** A proper plan is needed to transition from the plan B process to a more robust, fully integrated reporting process that is automated to the extent reasonable with the target of implementing it during 2018. The 2018 year end financial statements should be prepared using a robust, well-controlled environment.

- How far has the company progressed with the implementation of the new accounting standards on revenue and financial instruments?
- Is there a plan B if a full implementation including all systems and IT changes cannot be achieved by January 2018?
- What are the implications on the numbers?
- How robust are the estimates used for determining these numbers?
- How do the AC and the board get comfortable with the numbers?
- How and when do we communicate any changes to our stakeholders?

Where a company is indeed behind in its preparation for the new accounting standards, then urgent action is needed to mobilise a workgroup and bring all key stakeholders together to catch up on the implementation. The box, “Immediate Action on the New Accounting Standards” provides a set of suggestions for getting started.

With only a few months left to prepare, time is of the essence. Audit committees especially need to make sure that if preparation for the upcoming accounting change is not already well underway, urgent action is needed. ■

AC Pit Stops

Revenue Recognition with FRS 115



On 27 July 2017, a full house gathered in the Goerdeler room at KPMG for the SID Audit Committee Chapter's Pit Stop on the "Practical Implications of FRS 115 Revenue from Contracts with Customers".

Reinhard Klemmer, Partner, Head of Accounting Advisory Services and Department of Professional Practice, KPMG, started by sharing with the 55 participants that he hopes to equip them with the ability to question finance and auditors on the impact of the recent changes to revenue recognition.

The key difference between FRS 11 and 18 standards is the introduction of a five-step model to revenue recognition:

- Identify contracts with customer.
- Identify the separate performance obligations in the contract.
- Determine the transaction price.
- Allocate the transaction price to the separate performance obligations.
- Recognise revenue when the entity satisfies a performance obligation.

Mr Klemmer illustrated with several examples how the revised rules of revenue recognition can

impact revenue transactions in various industry sectors. Among those likely to be highly impacted are automotive, software, telecommunication and asset managers.

The exercise requires companies to review virtually all existing revenue contracts to assess the impact of the new standard. Mr Klemmer suggested a top-down and a whole-of-company approach involving sales, legal, finance and HR, to identifying contract performance obligations to ensure a clear identification and understanding of the issues, and resultant smooth implementation of the standard.

There were many questions from the audience relating to the appropriate transition options of which three are available to be adopted: full retrospective, first-time adopter and cumulative effect. There were also concerns expressed by many on how their companies' top-line numbers would be reported.

The participants left the session with a better understanding of the significant implications of the new revenue recognition standard, and what must be urgently done to be ready for the standard. ■

Accounting for Financial Instruments with FRS 109

The AC Pit Stop held on 7 September 2017, “Practical Implications of FRS 109 Accounting for Financial Instruments” was presented by Mr Chen Voon Hoe, PwC, Accounting & Reporting Advisory Leader. More than 35 participants attended the event.

Mr Chen explained that the new standard seeks to overcome the main concerns in the existing standard for the recognition and measurement of financial instruments, FRS 39, which is complicated and lacks the timeliness of loss recognition. FRS 109 addresses three key areas:

- New categories in the classification and measurement of financial instruments;
- Impairment calculated based on expected credit loss (ECL) instead of incurred loss;
- Simplification of hedge accounting rules.

The new classification of debt instruments are amortised cost; fair value through other comprehensive income, or fair value through profit and loss. The classification “available for sale” has been dropped. The appropriate classification is driven by the business model adopted for managing the financial assets and whether contractual cash flows represent solely payments of principal and interest, or there are other objectives to sell the financial assets and/or apply fair value option to eliminate accounting mismatch.

FRS 109 also introduces ECL, a new model for recognition of impairment losses which requires an assessment of credit risk through a forward-looking methodology. It contains a three-stage approach on the expected change in credit quality of financial assets over a 12-month period and lifetime expected credit losses, and the stages dictate how an entity measures



impairment loss and apply the effective interest rate method.

FRS 109 also simplifies the requirements for hedge accounting, which helps to reduce the profit and loss volatility for companies exposed to foreign currency risks.

Mr Chen also gave examples of key questions that the AC should ask of management with regard to the company’s preparedness for the implementation of FRS 109.

He concluded by highlighting the potentially significant efforts needed to prepare for the new standard which will take effect from 1 Jan 2018. Participants left with a heightened sense of readiness concern on implementing FRS 109 for their own organisations. ■

BRC Chairmen: Spotting Culture Problems

Fourteen Chairmen of Board Risk Committees convened at the exclusive Tower Club on 17 August 2017 to discuss the topic, “How to Spot a Culture Problem from the Boardroom”.

Mr Irving Low, Partner and Head of Risk Consulting at KPMG, who hosted the session, set the context with the “Four Lines of Defence Model” and the interaction of culture, risk culture and risk conduct.

With live polling of participants and comparing the results with other groups, he led discussions on the importance of corporate culture as a key source of competitive advantage, the risks posed by certain behaviour and management decisions, and the indicators of culture.



In closing, Mr Daniel Ee, SID’s Vice Chairman who curated the session, emphasised that culture is important and should be a standing item on a board’s agenda. ■

Listed Company Directors Course in China



Nineteen participants attended the SGX Listed Company Directors (LCD) programme at The Westin Bund Center, Shanghai, in China. The day and a half course, conducted in Chinese, kicked off on 17 May 2017, was designed to help China-based board members and senior management understand the duties and responsibilities of company directors on SGX-listed companies.

The course was presented by Mr Hee Theng Fong, Consultant of Harry Elias Partnership, Mr Ng Siew Quan, Partner of PwC, and Ms Wee Woon Hong, Principal Partner of Opal

Lawyers LLC. The speakers covered key areas of duties and responsibilities of directors, SGX requirements and the latest news on corporate governance. The audience was also given an overview of the key responsibilities of all the board committees.



The course concluded with a panel discussion where the three speakers were joined by Ms June Sim, Senior Vice President and Head, Listing Compliance, SGX. It was a fruitful panel discussion for the participants who took the opportunity to voice their queries and feedback. ■

The Director as an Innovation Driver

On 25 July 2017, Dr Wilson Chew, Partner at PwC Singapore conducted a one-day Masterclass (MCD1) on “The Director as an Innovation Driver” for a group of directors and senior management.

He described 10 types of Innovation, grouped into three categories of innovation: Progressive (short-term impact); Disruptive (mid-term impact) and Breakthrough (long-term impact).

He said that innovation leaders consistently outperform in five key areas: strategy, organisation, idea generation and development, portfolio management, and scaling.

“To build a strong culture of innovation, a company could start by building an Innovation “dream team” led by the CEO and having the



KPIs of management aligned with innovation initiatives,” Dr Chew said. He also recommended that companies should set aside 10 to 15 per cent of their net profits for innovation-related projects in order to differentiate themselves and be truly successful in this regard.

Dr Chew concluded the session by highlighting that the new formula to enterprise success is: *Digitalisation + Innovation + Scaling Up Globally = Blockbuster Companies.* ■

Value Creation for Owners and Directors in Family Firms

Professor Ludo Van der Heyden, Chaired Professor in Corporate Governance and Academic Director of INSEAD Corporate Governance Initiative (ICGI), presented the “Value Creation for Owners and Directors in Family Firms” course to over 20 participants on 22 June 2017.

Through break-out sessions, Professor Ludo got participants to mull over the unique challenges facing family firms.

He then shared that successful family businesses usually form a family board that is separate from the management board and board of directors with clear mission statements.

He highlighted that an effective family board should share the same goals, values, and have rules of engagement. There should be checks and balances by management and board to guard against toxic goals.

Family firms should centre more on the engagement process in arriving at the decision as opposed to the final decision itself. He outlined FPL (Fair Process Leadership) and its five Es (engaging, exploring, explaining, executing and evaluating) to facilitate collective decision-making.

Through role play of a case study, participants reflected on the key learning points, and it was followed by a sharing on how they would respond based on certain case-study scenarios. ■



Business Value of Sustainability



On 27 June 2017, 35 directors and senior management attended a two-hour session on “Business Value of Sustainability” presented by Mr Ian Hong, Partner of Sustainability Advisory & Assurance, KPMG Singapore, at Marina Mandarin Singapore.

Mr Hong provided an overview of the various sustainability mega-forces with an impact on businesses, some of which include urbanisation, population growth and ecosystem decline.

He explained that sustainability goes beyond just environmental matters and that company strategies should take into account real-world issues affecting their business. Among these are customer’s heightened awareness on social issues, cost and efficient use of resources, social media access, environmental, social and governance (ESG) ratings, government policies and abrupt disruptions to operations.

He illustrated how businesses could design effective strategies to address these risks while simultaneously turning them into opportunities.

Initiatives like “responsible business practices” and “sustainable innovation” helped companies like Nike, Unilever and GSK whose projects were not only able to do good for the environment and consumers but generated profit from new sustainable business practices at the same time.

Mr Hong also shared several key questions that boards should ask themselves and management to assess where they are in their sustainability journeys as well as to find out how they are identifying and leveraging potential opportunities.

In order to build a sustainable business, he urged companies to look into the following areas:

- Sustainability Assessment.
- Strategy and Governance.
- Sustainable Investment.
- Carbon Management.
- Sustainable Supply Chain Management.
- Sustainability Reporting and Assurance.

The participants found the session useful and all left with new insights and takeaways to incorporate in their sustainability journey. ■

Strategy at the Board Level

The Masterclass on Strategy at the Board Level (MCD3) conducted by Dr Wilson Chew, Partner at PwC on 15 August 2017 at Marina Mandarin Singapore, drew a group of 20 senior directors and C-suites.

Dr Chew shared that only a small proportion of directors actually understood their companies' business models and strategies and when there is one, only a small proportion are implemented successfully. Boards have fiduciary duties in



acting in the best interests of the company, making them responsible for the company's long-term success.

He identified the three characteristics of a good strategy:

- Diagnosis – identifying challenges and critical situations.
- Guiding Policy – choosing the right approach to resolve the problems identified.
- Coherent Actions – establishing coordinated steps towards achieving resolution.

Dr Chew also highlighted that it is important for boards to cultivate good relationships with the CEO and management to ensure agreed strategies are executed well.

Participants were highly interactive as they shared their personal takes when dealing with various strategy and execution-related issues. ■

Executive and Director Remuneration

On 26 July 2017, some 60 participants attended a Mercer presentation on “Executive and Director Remuneration” at Marina Mandarin Singapore.

Mr Jon Robinson, Mercer’s Executive Remuneration Practice Leader commenced the session with an overview of how global forces are impacting remuneration decisions and the trends emerging in non-executive directors’ remuneration. “Companies,” he said, “ought to consider factors such as market capitalisation, industry and their committee structure in determining directors’ fees.”

Mr Nishant Mahajan, Principal, Executive Remuneration, Mercer shared the compensation trends from a global perspective. While the local front saw an upward trend in directors’ fees being paid partly in shares, the international



arena was divided on this. When developing the fee structures of directors and executives, companies must ask the fundamental questions of what they are paying for, and the outcomes they expect to derive.

Considering that there is minimal change in the current economic conditions, Mercer did not foresee much fluctuations in directors’ remuneration for 2017. ■

To List, Delist or Relist?

The closed-door forum on “Private Equity vs Public Markets” held at Marina Mandarin Singapore on 21 July 2017 drew over 100 participants keen to understand and share their views on the recent wave of privatisations.

Mr Atin Kukreja, CEO of Rippledot Capital Advisers, kicked off with a presentation titled “The Privatisation Wave: A Tsunami or A Ripple?” He commented that the delisting trend in Singapore was not unusual and saw the privatisations as a good indicator of a healthy and well-functioning capital market. Mr Kukreja emphasised that quality companies do not have to depend solely on public markets to raise capital.

His presentation set the stage for a spirited panel discussion on the topic, “To List, Delist or Relist – Is this Cyclical or Structural?” Moderated by SID Council member, Mr Andy Tan, the distinguished panellists included:

- Mr Chew Sutat, Executive Vice-President and Head of Equities and Fixed Income, SGX;
- Mr John Lim, Group CEO & Executive Director, ARA Asset Management;

- Mr Ng Wai King, Managing Partner, WongPartnership;
- Mr Ng Yao Loong, Executive Director, MAS, and
- Mr Ashish Shastry, Member & Head of Southeast Asia, KKR.

Mr Lim and MAS’ Mr Ng agreed that privatisation is part of the business cycles of companies and that various factors could influence a company’s decision whether to remain private or go public.

Mr Ng of MAS said that in the early years, the public market was a real platform for companies seeking to raise funds. In recent years, there has been a rebalancing away from IPOs to private equity. He felt that there is a need to re-think about this binary divide between private and public markets. The focus should be to strengthen the financing ecosystem, and to help all companies, be it start-ups or matured organisations, to fundraise from a complete suite of products. Venture capital and private equity play an important role to support growth companies, and a financial sector that is dynamic and innovative is critical for the Singapore economy.





L to R: Andy Tan, Chew Sutat, Ashish Shastry, Wong Wai King, John Lim, Ng Yao Loong.

Mr Lim said the reason that drove ARA Asset Management to the path of privatisation was not the burden of compliance, but that it could avail itself to many forms of private equity that were significant and cheap.

WongPartnership's Mr Ng observed that succession is generally an issue to business founders. Companies that are ready on the compliance front will find the public capital market an important avenue to progress to a higher level to attract investors to execute growth plans.

Mr Shastry pointed out that from a long-term view, the pertinent issue at hand is whether the present capital ecosystem is sufficiently robust to support companies in their growth plans. Different skillsets and techniques need to be brought to the table regardless if a company is going public or private.

Mr Chew conceded that with the immense growth of the private equity funds, the increase in privatisation activities is unavoidable,

and it points to the efficiency of the markets. Notwithstanding, he said that the local exchange still remains relevant for consumer listings. The local bourse offers companies a deep market for equity fundraising which covers not only IPO's but secondary funds such as rights issues and placements. On the perceived low valuations, he said that companies could address this issue by ensuring that they have good growth plans and proactively engage their stakeholders in order to raise sufficient capital.

These points were reiterated in the panellists' responses to the floor who was concerned with how the ecosystem could be enhanced to assist companies. Mr Lim suggested that the government should consider incentives to entice both public and private companies to take root locally to strengthen the Singapore market.

The participants left the session with valuable insights and understanding on a very current topic especially given the candid sharing by the distinguished panel of speakers. ■

Transcending Governance and Accelerating Business

A half-day course on “High Performance Boards - Boards That Transcends Governance and Accelerate Business” was held for an intimate group of senior management and directors of several major Singapore companies at M Hotel on 24 May 2017.

Mr Bob Arciniaga, Founder and CEO and the Managing Partner of Advisory Board Architects (ABA), US, and Mr Alan Hepburn, Managing Partner of ABA shared on the attributes of high impact boards and a “high impact board engagement” system.

They provided insights on how high impact boards are growth and strategy focused versus compliance and regulatory focused, outcome rather than data based, and more concerned with foresight than oversight. To derive value from



expensive board meetings, Mr Arciniaga suggested a revamp of the board agenda from a reporting focus to an initiatives-led focus. He recommended a mix of 20 per cent on compliance, 70 per cent strategy and 10 per cent board health.

The course ended with a lively question-and-answer session and commendation from several of the participants. ■

Board Culture and Board Effectiveness

On 22 August 2017, 35 participants attended a session by Russell Reynolds Associates on “Global Board Culture: Understanding the Behaviours that drive Board Effectiveness” held at Marina Mandarin Singapore.

Mr Rusty O’Kelley, Managing Director of Russell Reynolds Associates New York, kicked off the session by highlighting three key attributes of a highly effective board:



- A chair who facilitates high-quality debates.
- Strong relationships with the senior management with good understanding of the business operations and its challenges, and offering alternative perspectives.
- Looking at the long-term horizon for strategic decisions.

He shared also the top three traits of an effective director: the character and courage to do the right thing for the right reasons; willingness to constructively challenge management when appropriate; and demonstrating sound business judgement.

Ms Audrey Tan, managing director of Russell Reynolds Associates, summarised the session by saying that board culture is the sum total of “how we work and how we do things”. ■

Forty-four Graduate from the 2017 SID-SMU Directorship Programme



Graduates of the SID-SMU Directorship Programme.

On 16 June 2017, 44 graduates of the SID-SMU Directorship Programme 2017 received their certificates at the SMU Auditorium. Nineteen were awarded the Executive Diploma in Directorship while the other 25 obtained the Executive Certificate in Directorship.

Since its inception in 2007, close to 682 directors and senior executives have graduated from this unique six-module programme which provides a 360-degree board-level view of the key strategic areas and issues faced by directors. It also aimed to enhance participants' board level skills and update their knowledge. The modules covered the following areas:

1. The Role of Directors: Duties, Responsibilities and Legal Obligations.
2. Assessing Strategic Performance: The Board Level View.
3. Finance for Directors.
4. Risk and Crisis Management.
5. Strategic Corporate Social Responsibility and Investor Relations.
6. Effective Succession Planning and Compensation Decisions.

Dr Katharina Lange, Executive Director, SMU, while congratulating the graduates, urged them

“SID-SMU course is the better of two different worlds: academia and industry. Rich academic material combined with case studies, guest speakers and panel discussions which provided us with an unparalleled experience. On top of that, it was a great networking opportunity and a unique place to meet like-minded people with diverse background and experience.”



Mr Behnoud Tahmaseby, a graduate of the Executive Diploma in Directorship

to create a positive working environment in their organisations. She also encouraged them to chart their own path especially in the current VUCA (Volatile, Uncertain, Complex and Ambiguous) environment. She shared that success of companies often hinged on three factors – empathy, diversity and equal contribution from all.

Meanwhile, Ms Poh Mui Hoon, SID Council member, in her message, called on the graduates to be good stewards of their organisations and to work towards creating strong, viable and sustainable business models.

The joyous event finished off with the graduates celebrating their graduation with their families and the faculty over good food and drinks. ■

NonProfit Director Sessions

So, You Want To Be A NonProfit Director (SYN)

Twenty-five aspiring and new nonprofit directors attended the SYN session on 13 June 2017 held at Capital Tower.



The talk was presented by three SID Council members, Mr Willie Cheng, Dr Wilson Chew and Ms Wong Su-Yen, all of whom are experienced directors in both the commercial and nonprofit space. They spoke on the nonprofit landscape; NPO director's role, responsibilities and liabilities as well as the rewards and challenges which came with the role. The speakers also shared their interesting personal directorship journeys and what inspired them to continue to serve the sector despite their busy schedules.

A lively Q&A session rounded up the evening, and many participants left with greater appreciation of the sector. ■

NonProfit Directors Programme (NPD)

Some 90 invited guests attended a sneak preview of the 2017/2018 NPD programme at the Social Services Institute (SSI) auditorium on 25 July 2017. The preview was organised on the back of two fully subscribed programmes conducted earlier.

The seven-module programme, first launched in 2015, is a collaboration between SID, SSI (the training arm of the National Council of Social Service) and Centre for Non-Profit Leadership. The programme seeks to drive greater professionalism and governance in NPO Boardrooms, and VCF funding is available for participants from registered charities and Institutions of a Public Character.

In his welcome speech, Mr Sim Gim Guan, CEO of NCSS shared how the social sector landscape is becoming challenging and why boards must equip themselves with the necessary skillsets to do their jobs. Ms Usha Menon, the NPD programme coordinator, then gave an overview of the programme.



Ms Tan Soh Keng, Honorary Secretary, HCA Hospice, a graduate from the 2016/17 cohort, shared how the course has benefitted her and her board. A simple ceremony ensued with several participants from the second run receiving their certificates for completing all seven modules. A networking dinner followed, with some participants immediately signing up for the third edition of the NPD course, which is conducted every second Thursday for seven months, starting on 12 October 2017. ■

So, You Want To Be A Social Enterprise Director (SYS)

Twenty-nine participants attended the inaugural “So, You Want to Be a Social Enterprise Director” course on 31 August 2017 held at social enterprise Crossings Café.

Mr Alfie Othman, CEO of Singapore Centre for Social Enterprise (raiSE) kicked off the half-day session with an overview of the social enterprise (SE) landscape and the ecosystem that SEs operate in. He remarked that it has been challenging for many SEs to balance the “social good” with the “business objectives”, and gave tips on how SEs can be successful.

Mr Chan Tee Seng, Chief Executive Officer, NTUC First Campus, shared on the evolution and growth of the dozen social enterprises within the labour movement. He also spoke of the challenges and what NTUC Enterprise and its SEs were doing to tackle emerging disruptions to ensure their long-term sustainability.

Ms Jenny Teng, Chairperson of Crossings Social Ventures then provided an example of a social enterprise by describing how Crossings Café was born, and how it sought to live up to its mission of hiring beneficiaries while offering good value and delicious food and contributing its profits to charity.



SID Chairman Willie Cheng explained the directorship landscape for SEs, describing where and how they are different from commercial companies and nonprofit organisations. He noted that there is no legal construct for SEs in Singapore, and the implications of that.

SID Council member Wilson Chew covered the key duties, responsibilities and liabilities of a director, while raiSE board member Robert Chew described the benefits of an SE directorship. He contrasted the compensation approach and quantum for commercial, nonprofit and SE directors.

Participants said that they found the session lively and were enlightened by the unique challenges on “doing good” and “doing well”. Many appreciated that the session was conducted in a social enterprise, and the flow of delicious food from the café’s kitchen. ■



Members Networked at the Rookery

More than 50 participants gathered for an exclusive mid-week SID networking evening at the Rookery on 23 August 2017. The Rookery is a recently-opened bistro at Capital Tower where SID office is located.



The strikingly diversified group which comprised existing members, new members, and friends of SID, including a good number of women directors and expatriates. Members also had the unique opportunity to interact with SID Committee and Council members who were present.

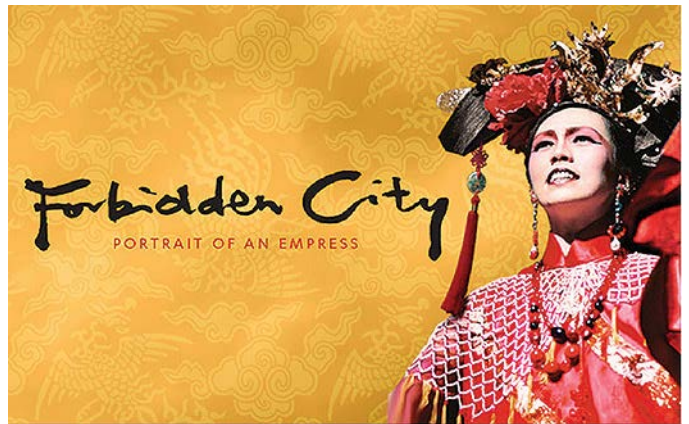
The place was abuzz with conversation and it was hard to find anyone seated. Throughout the evening there was a generous amount of food platters, beers and drinks to power the conversations. Even after the event's official end at 7:30 pm, there was still a number of participants who stayed on to chat and drink, which augurs well for the next networking event. ■

SID Fellows Enchanted by the Empress

On 15 August 2017, some 150 guests comprising SID Fellows and their spouses gathered for a majestic evening at The Esplanade to enjoy the highly-acclaimed local musical, "Forbidden City – Portrait of an Empress". This special event, kindly sponsored by EY, included a tantalising spread of food and drinks served before the show.

The musical featured renowned Singaporean artiste Kit Chan who first performed in 2002 when this show was commissioned for the opening of The Esplanade – Theatres on the Bay. The epic production depicts two of the greatest icons of China's ancient history – the Forbidden City and the empress dowager – through a soulful tale of dark secrets, whispered rumours, love, betrayal and power, all of which unfolded before the captivated audience.

All the guests had fun moments before the start of the performance, when the couples took pictures at the themed photo booth. ■



Director Appointments

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

COMPANY	PERSON	DESIGNATION
8Telecom International Holdings Co Ltd	Richard Tan Kheng Swee	Independent Director
Advance SCT Limited	Lee Suan Hiang	Independent Director
Bukit Sembawang Estates Limited	Koh Poh Tiong	Non-Executive Chairman
Bumitama Agri Ltd	Lim Christina Hariyanto	Executive Director
China Great Land Holdings Ltd	Lee Eng Kian	Independent Director
China Star Food Group Limited	Kuan Cheng Tuck	Independent Director
China Sunsine Chemical Holdings Ltd	Tan Lye Heng Paul	Independent Director
Cityneon Holdings Limited	Ron Tan Aik Ti	Executive Chairman
Dynamic Colours Limited	Shabbir s/o Hakimuddin Hassanbhai	Non-Executive Director
Ecowise Holdings Limited	Er Kwong Wah	Independent Director
Hiap Seng Engineering Ltd	Dr John Chen Seow Phun	Independent Director
IPC Corporation Ltd	Lien Kait Long	Independent Director
LHN Limited	Ch'ng Li-Ling	Independent Director
LifeBrandz Ltd	Irwin Lim Kee Way	Independent Director
mDR Limited	Lai Yew Fei	Independent Director
mDR Limited	Ian Oei Su Chi	Independent Director
New Silkroutes Group Limited	Kelvyn Oo Cheong Kwan	Executive Director
Next-Generation Satellite Communications Ltd	Lye Meng Yiau	Non-Executive Director
Noel Gifts International Limited	Aric Loh Siang Khee	Independent Director
Pacific Century Regional Developments Limited	Wayne Michael Verge	Non-Executive Director
Parkson Retail Asia Limited	Ng Tiak Soon	Independent Director
PSL Holdings Limited	Kevin Wong Wei Boon	Independent Director
Q & M Dental Group (Singapore) Limited	Chik Wai Chiew	Non-Executive Director
SembCorp Industries Ltd	Jonathan Asherson	Independent Director
Shanghai Turbo Enterprises Ltd	Jack Chia Seng Hee	Non-Executive Chairman
Singapore eDevelopment Limited	Tao Yeoh Chi	Independent Director
Singapore Post Limited	Paul William Coutts	Executive Director
Singapore Post Limited	Steven Robert Leonard	Non-Executive Director
Sunningdale Tech Ltd	Eileen Tay-Tan Bee Kiew	Independent Director
Tung Lok Restaurants (2000) Ltd	Dr Bill Foo Say Mui	Non-Executive Chairman
United Overseas Bank Limited	Alexander Charles Hungate	Independent Director
United Overseas Bank Limited	Michael Lien Jown Leam	Non-Executive Director
United Overseas Bank Limited	Lim Hwee Hua	Independent Director
United Overseas Bank Limited	Wong Kan Seng	Independent Director
United Overseas Bank Limited	Yeo Khirn Hai Alvin	Independent Director
USP Group Limited	Goh Chong Theng	Independent Director
Valuetronics Holdings Limited	Tan Siok Chin	Independent Director
Ziwo Holdings Ltd	Simon Koo Ah Seang	Non-Executive Director

O passion, where art thou



By **LEE SUAN HIANG**
Council member, SID

Art has always been an inseparable part of my being.

I started drawing before I could read or write. I can still vividly recall drawing a parrot when I was 4 years old, and the thrill of realising that I had the ability to reproduce what I saw on paper.

Spurred on by the encouragement from family, teachers and friends, I soon developed a love for art. I was the shortest in class but my art helped me to stand tall. My passion was further fuelled when I discovered that I could win prize money and coveted items like transistor radios in art competitions and even earn pocket money by selling my art.

There was always a composition in my mind waiting to be expressed. I began painting almost every day. Painting was for me both relaxing and demanding, yet the pleasure came from being totally immersed in it. I often painted round the clock into the wee hours of the night when everyone else was sleeping. It was in the stillness of those hours that I could be totally absorbed in my work without interruption.

I was a curious artist and liked experimenting in different media from oils and pastels to batik and woodcuts. My influences came from many sources, which perhaps explains why I did not keep to any one style.

As a child, I would spend hours studying the paintings on sale at the Wednesday night markets along Orchard Road and learning from the



AFTER HOURS

cinema billboard artists working out of the corner shop on River Valley Road. I also attended every art exhibition in town and would come home inspired by the masterful techniques of Cheong Soo Pieng, Georgette Chen, See Cheen Tee and Seah Kim Joo.

During my stay in the UK, I gained a deeper insight into the works of my favourite European artists like Hockney, Vasarely and Dali.

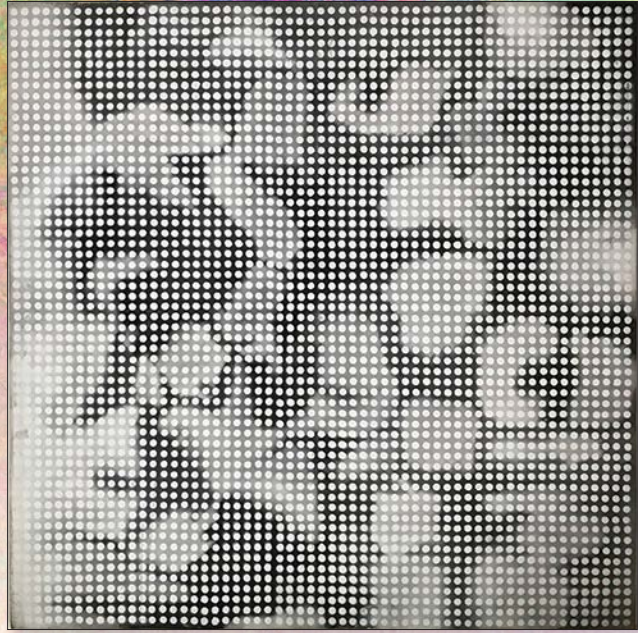
Many of my own artworks serve as markers of my growing up years, evoking memories of key moments. My very first oil painting was done with “borrowed” paint from my mother’s employer. The portrait I made of John F. Kennedy when I was in primary six recalled the fateful day of his assassination in 1963. My winning entry in the International Year of Human Rights Poster Competition reminds me of my first radio interview and early ambition to be a professional artist.

Although I was later too distracted by the demands of work to become an all-consuming artist, my passion for art has never left me. I believe that art and work are not mutually exclusive. The life skills I developed through art have been invaluable throughout my career.

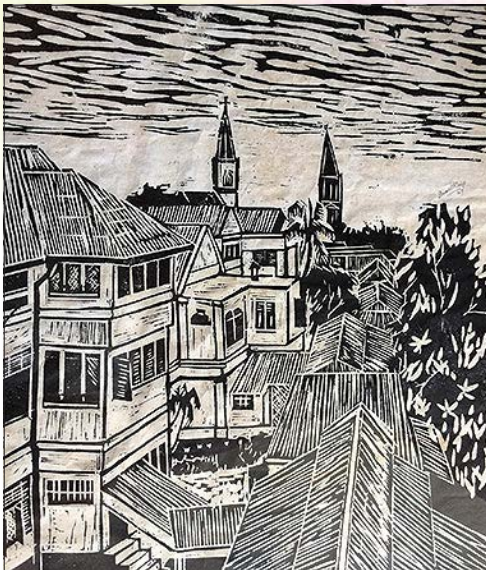
Composing my art works taught me to start with the end in mind, to plan carefully, and to execute with confidence. It also taught me how to see both the big picture and the intricate details, and to embrace the beauty in the accidental imperfections that the brushstrokes of life may bring.



This oil painting was selected for the National Day Art Exhibition at Victoria Memorial Hall in 1967.



"Taking a Dot for a Walk" won Second Prize at the Manchester Academy of Fine Arts Exhibition in 1970.



The old Raffles Institution @ Bras Basah Road. This was Suan Hiang's first wood-cut done after attending a demonstration by Wood-cut Master See Cheen Tee in 1967.



One of the more "commercial" aluminium batik paintings which Suan Hiang used to sell.

The many hours spent mastering and perfecting the techniques and fundamentals taught me the importance of strong foundations and core competence; and the value of patience, hard work and discipline. Painting also taught me that the same subject can be painted in many different ways – it just requires one to think outside the box and explore all possibilities. Art has indeed been a wonderful trainer of my imagination,

cultivating in me a creativity and sense of innovation that has made the difference.

Looking back, there is no doubt that art has enriched my life. Learning to draw is learning to look. Art has opened my eyes to the wonders of God's creation. Above all, it has taught me to appreciate the nuances and vagaries of life, and to see the world not from just one but many perspectives. ■

INSEAD International Directors Programme • 26-28 April 2017



Listed Company Directors (LCD) Modules 1-6 • 11-14 July 2017



Governance, Risk Management and Compliance (GRC) Professional Training Course • 19-21 July 2017



Directors Financial Reporting Essentials • 29 June & 30 August 2017



So, You Want to be a Director • 3 August 2017



SID's Q3 Events (Jul 2017 – Sep 2017)

DATE	TYPE	EVENT DETAILS
3-5 Jul 2017	PD	SDP Module 1: The Role of Directors
11 Jul 2017	PD	LCD Module 1: Listed Company Director Essentials
12 Jul 2017	PD	LCD Module 2: Audit Committee Essentials
12 Jul 2017	PD	LCD Module 3: Risk Management Essentials
13 Jul 2017	PD	LCD Module 4: Nominating Committee Essentials
13 Jul 2017	PD	LCD Module 5: Remuneration Committee Essentials
14 Jul 2017	PD	LCD Module 6: Investor and Media Relations Essentials
18 Jul 2017	Event	Singapore Corporate Awards
19-21 Jul 2017	PD	Governance, Risk Management and Compliance (GRC) Professional Training Course
21 Jul 2017	PD	Private Equity vs Public Markets
25 Jul 2017	PD	MCD Module 1: The Director as an Innovation Driver
25 Jul 2017	PD	NonProfit Director Preview
26 Jul 2017	PD	Executive and Director Remuneration
27 Jul 2017	PD	AC Chapter Pit Stop: Practical Implications of FRS 115 Revenue from Contracts with Customers
1 Aug 2017	Event	Singapore Governance and Transparency Index Launch
3 Aug 2017	PD	So, You Want to be a Director
15 Aug 2017	PD	MCD Module 3: Strategy at the Board Level
15 Aug 2017	Social	Fellows' Night: Forbidden City – Portrait of an Empress
17 Aug 2017	PD	Board Risk Committee Chairmen's Conversation
17-18 Aug 2017	PD	SDP Module 4: Risk and Crisis Management
22 Aug 2017	PD	Global Board Culture: Understanding the Behaviours that Drive Board Effectiveness
22 Aug 2017	PD	Directors Compliance Programme
23 Aug 2017	Event	Members' Networking: Drinks at the Rookery
30 Aug 2017	PD	Directors Financial Reporting Essentials
31 Aug 2017	PD	So, You Want to be a Social Enterprise Director
7 Sep 2017	PD	AC Chapter Pit Stop: Practical Implications of FRS 109 Accounting for Financial Instruments
12 Sep 2017	Event	SID Directors' Conference 2017

Upcoming Events

Core Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
SDP Module 6: Effective Succession Planning and Compensation Decisions	13-14 Sep 2017	0900 – 1700	SMU Campus
BFS Module 2: Cyber Security for Directors	20 Sep 2017	1300 – 1700	Marina Mandarin Singapore
IDP Module 2: Board Efficiency and The Role of Committees	25-27 Sep 2017	0900 – 1700	Fontainbleau France
Board and Director Fundamentals	4 Oct 2017	0900 – 1700	Marina Mandarin Singapore
Directors Financial Reporting Essentials	5 Oct 2017	0900 – 1700	Capital Tower
LCD Module 1: Listed Company Director Essentials	11 Oct 2017	0900 – 1700	Marina Mandarin Singapore
NPD Module 1: The NonProfit Environment	12 Oct 2017	1700 - 2030	SSI
LCD Module 2: Audit Committee Essentials	13 Oct 2017	0900 - 1230	M Hotel
LCD Module 3: Risk Management Essentials	13 Oct 2017	1230 – 1730	M Hotel
LCD Module 4: Nominating Committee Essentials	25 Oct 2017	0900 - 1230	M Hotel
LCD Module 5: Remuneration Committee Essentials	25 Oct 2017	1230 – 1730	M Hotel
LCD Module 6: Investor and Media Relations Essentials	27 Oct 2017	0900 - 1230	M Hotel
Governance, Risk Management and Compliance (GRC) Professional Training Course	30 Oct-1 Nov 2017	0900 - 1700	Marina Mandarin Singapore
SDP Module 2: Assessing Strategic Performance	1-3 Nov 2017	0900 – 1700	SMU Campus
NPD Module 2: Board and Management Relationship	9 Nov 2017	1700 - 2030	Society for the Physically Disabled
MCD Module 4: Overcoming Cognitive Biases in Boardroom Decisions	10 Nov 2017	0900 - 1230	Marina Mandarin Singapore
SDP Module 3: Finance for Directors	22-24 Nov 2017	0900 – 1700	SMU Campus
Directors Financial Reporting Essentials	6 Dec 2017	0900 – 1700	Capital Tower
NPD Module 3: Board Dynamics and Evaluation	7 Dec 2017	1700 - 2030	SATA
IDP Module 3: Development of Boards and Directors	12-14 Dec 2017	0900 – 1700	INSEAD Campus

Other Professional Development Programmes

PROGRAMME	DATE	TIME	VENUE
Remuneration Committee Chairmen's Conversation	12 Oct 2017	1200 - 1400	Fullerton Hotel
Board Committee Chairmen's Conversation	15 Nov 2017	1200 - 1400	Shangri-La Hotel

Major Events

EVENT	DATE	TIME	VENUE
Singapore Board of Directors Survey	7 Nov 2017	0900 - 1100	Marina Mandarin Singapore
Annual Corporate Governance Roundup	20 Nov 2017	0900 - 1300	Orchard Parade Hotel

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



NATIONAL DAY AWARDS 2017

Congratulations to the following SID fellows and members on their National Day Awards.

<p>The Distinguished Service Order Ho Kwon Ping</p> <p>The Meritorious Service Medal Bob Tan Beng Hai Bobby Chin Yoke Choong</p> <p>The Public Service Star Chay Wai Chuen Robert Chew Ernest Kan Yaw Kiong Ong Yew Huat Michael Tan Hai Peng</p> <p>The Public Administration Medal (Silver) Chan Wing Leong Simon Lim Beng Yong Alvin Tan Tze Ee</p>	<p>The Public Administration Medal (Bronze) Elaine Tan Suan Leng Andrew Lim Han Seng</p> <p>The Commendation Medal Audrey Tan Lee Lian Adrian Chua Hock Leng Andrew Lim Ah Leng Pauline Lee Peay Leng</p> <p>The Public Service Medal John Lim Hwee Chiang Joseph Lim Beng Huat Lim Ho Seng Muthukrishnan Ramaswami Seck Wai Kwong Tan Kok Heng Thomas Tan Teng Lee Wong Weng Sun</p>	<p>The Efficiency Medal Kelvin Ong Wee Jin</p> <p>The Long Service Medal Ang Siew Hoon Andrew Lim Boon Leong Joseph Lim Beng Huat Selwyn Lim Keng Jin Lim Teck Leong Thomas Tan Eng Tat Ong Ling Ling Teresa Tan Guek Meng Tan Thiam Soon</p> <p>The Long Service Medal (Military) Derek Lee Kwang Boon</p>
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Welcome to the Family

June 2017

Esther An Kit Wai
 Marjet Andriess
 Harpreet Singh Bedi
 Irene Buhrfeindt
 Christopher Chai
 Chan Tee Seng
 Ian Cheong Shen-Yi
 Chia Boon Chong
 Jenny Chiam
 Sarah Chng
 Justin Choo
 Chua Kim Chiu
 Paul William Coutts
 Nadia Karina Espinosa
 Eugene Gan
 Sandeep Gopal
 Ho Chai Seng
 Ho Kim Wai
 Jennifer Ho Yoke Foong
 Hor Fong Lin
 Kosuke Horiuchi
 Kan Kok Heng
 Lorna Fatima Paquerette Law
 Corinne Lim
 Joseph Lim
 Sharon Lim
 Keeran Jagannath Mane
 Kojin Nakakita
 Ng Chee Yuen
 Ng Chen Wei
 Ng Lay San
 Ng Ooi Hooi
 Darragh Ooi
 Sreekumar Puthen
 Thermedam
 Stephan Repkow

Sam Moon Thong
 Marda Romillo Saturno
 Mathew Segal
 Isa Seow Zheng Xin@Mohammed
 Isa Ab
 Ranvir Kumar Singh
 Keisuke Sugano
 William Tan Seng Koon
 Simone Tan
 Nancy Tandela
 Tay Kah Chye
 Teng Chee Wan
 Wee Woon Hong
 Srimajani Wong
 Yau Woon Foong
 Ruth Yong Lee Ee
 Yong Meow Seen
 Lucy Yow Su Chin

July 2017

Alp Muharrem Altun
 Frank Bruun Maintz Andersen
 Oscar Boronat
 David Burns
 Choong Chow Siong
 Pascal Guy Chung-Wei Demierre
 Peter Doraisamy
 Veronica Eng Siang Yang
 Stephen Finch
 Guido Gianasso
 Cliff Goh Geok Lin
 Andrew Goh Kia Teck
 Jacqueline Gwee
 Jennifer Ilkiw
 Bagawatiswar Krishna Iyer
 Koh Ban Heng
 Lai Yew Fei

Rita Lau Chen Chen
 Lau Yin Cheng
 Ellen Lee
 Edward Lee Ewe Ming
 Lee Keen Meng
 Schutz Lee
 Shin Lee
 Mark Leong
 Lim Bee Kwan
 Christina Hariyanto Lim
 Desmond Lim Hui Teck
 Colin Liu Chern Yang
 Wendy McEwan
 Gunther Robert Meyer
 Ng Teck Wee
 Ian Oei Su Chi
 Eugene Ooi Chin Chai
 Ioannis Papadopoulos
 James Phua Kay Choon
 Cornelius W. Pranata
 Abhijit Raha
 Dayana Satria
 Vincent Tai Mern Tze
 Tan Hwee Main
 Tan Li Ping
 Jackson Tay
 Roy Wilmoth II
 Yam Kin Chuen
 Yoon Goh Cheau
 Abdul Aziz Bin Yusof

August 2017

Aldridge Keng Pheng
 Evelyn Choh
 Stephen John Fisher
 Ernest Fok Chee Khuen
 Luke Furler

Shailesh Ganu
 David Gardner
 Edward Vincent Gleeson
 Goh Kian Chee
 Penny Goh
 Amitava Guharoy
 Judy Hsu
 Ramasamy Jayapal
 Ronan Philip Kelly
 Koh Sing Swam
 Raymond Kwok Chong See
 Benjamin Lee
 Edward Lee Kwong Foo
 Steven Robert Leonard
 Lim Cheng Cheng
 Lim San Kiam
 Serene Lim
 Andrew Cheng Lloyd
 Loh Chew Khoong
 Loh Khai Peng
 Toshikatsu Makishima
 Anna Marrs
 Saleh Mohamed Munshi
 Philip Ng
 David Poh Tze Keong
 David Patrick Ringrose
 Benjamin Rolfe
 Angelo Roxas
 Ananthanarayanan Sankaran
 Alvin Tan Heng Lai
 Ken Tan
 Ti Eng Hui
 Wong Taur-Jiun
 Nigel Yeoh Lian Chuan

SID Governing Council 2017

CHAIRMAN

Willie Cheng

SECOND VICE-CHAIRMAN

Soh Gim Teik

COUNCIL MEMBERS

Ramlee Buang

Lee Suan Hiang

FIRST VICE-CHAIRMAN

Daniel Ee

TREASURER

Gerard Tan

Robert Chew

Irving Low

Wilson Chew

Ng Wai King

Junie Foo

Poh Mui Hoon

Philip Forrest

Tan Boon Gin

Pauline Goh

Andy Tan Chye Guan

Lee Chong Kwee

Tan Yen Yen

Lee Kim Shin

Wong Su Yen

The Audit Committee Seminar 2018

Rebooting Corporate Governance

16 January 2018 | 9.30am - 11.15am
Marina Mandarin Singapore

- Ong Khiaw Hong, *Chief Executive, ACRA*
- Chew Choon Seng, *Chairman, Corporate Governance Council*
- Bong Yap Kim, *Senior Director, Financial Reporting & Strategy Division, ACRA*
- Daniel Ee, *Vice-Chairman, SID; Chairman, AC Chapter, SID*
- June Sim, *Senior Vice President, Head of Listing Compliance, Singapore Exchange Regulation*
- Willie Cheng, *Chairman, SID*
- Tham Sai Choy, *Chairman, KPMG, Asia Pacific*
- Rachel Eng, *Deputy Chairman, Wong Partnership*
- Tan Boon Gin, *Chief Executive Officer, Singapore Exchange Regulation*



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