

SINGAPORE GOVERNANCE AND TRANSPARENCY FORUM

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Closing Address by Su-Yen Wong, Chairperson, Singapore Institute of Directors

Driving Sustainability Through Governance

Guest of Honour, Professor Tan Cheng Han.

Distinguished guests, ladies and gentlemen.

Good morning and thank you all for joining us at the 2022 Singapore Governance and Transparency Forum.

I am delighted that so many of you have joined us today, both in-person and virtually, to celebrate excellence in corporate governance. Our sincere thanks to our Guest of Honour, Professor Tan Cheng Han, Chairman of SGX Regco, for gracing the occasion.

Steady progress

A few points of reflection emerged for me today. The first is that the SGTI has been a journey.

When the predecessor Governance and Transparency Index, or GTI, was first launched in 2009, the mean score for Singapore-listed companies was just 33.9 out of a maximum base score of 100. On the whole, companies were simply complying with the bare minimum in the code.

Today, listcos have attained an all-time high of 70.6 points, while real estate investment trusts and business trusts have achieved a score of 85.3 points. This has required a consistent series of efforts by companies to keep ratcheting up their scores.

We have done well. Yet, Professor Lawrence Loh reminds us that we are only at B-plus, out of the maximum base score of 143.

Thus, while it is encouraging to see that all companies have raised their game, and not just the large ones, there is further distance for us to go.

Moving forward

The journey for ESG reporting, in some ways, mirrors the journey we have taken for SGTI reporting. It will unfold over time.

How do we go about that?

The first step is to increase our understanding of the issues. On that point, we are delighted that over 1,000 directors have signed up for SID's ESG Essentials programme which delves into the board's and director's roles and responsibilities in sustainability governance.

The second step, which is what the panel addressed today, is to translate intention into action. In fact, many companies' net zero commitments are racing ahead of their plans to actually put them in place.

Professor Tan Cheng Han talked about the ESGenome portal, and June Sim talked about how we get fair warning about some of these initiatives coming down the pike.

It is very much a journey. But, as they say, a journey of a thousand miles begins with a single step.

Different perspectives

The second point of reflection, and I do have to call this out, is the very low percentage of boards that use external sources in their search for directors. Only 13 percent, and as Professor Lawrence Loh has confirmed, that is one of the lowest items scored across the board.

As board directors, the nature of our role is such that we have to incorporate a lot of information. We have to filter that information, and we have to rely on certain heuristics in order to make decisions. And we have to do so in an increasingly fast-paced environment. So, it is not at all easy.

Now, having such heuristics and mental shortcuts is generally helpful for us in making judgments and decisions. However, these shortcuts can also cause us to make incorrect assessments and to come to incorrect conclusions.

The literature around cognitive biases is increasingly well established. The research around human judgement and decision-making has grown exponentially in recent decades.

Some of you may be familiar with the work of Daniel Kahneman, *Thinking Fast and Slow*, and the book *Dance with Chance* by Professor Anil Gaba and others. The research that's been conducted reveals how our brains work, and how this affects the quality of our decision-making.

If you take four people, any four people in this room, and we look through the same window, regardless of how good our eyesight might be, we would be looking through the same window, at the same view. But if you take those same four people, and you look through four different windows, even though each of those windows might be slightly obscured, we would be getting a more comprehensive view.

And I think this is what we mean when we talk about the benefit of using external sources to expand our world view and to improve the diversity on boards.

To that end, SID will be introducing a Board listing service that we will be providing for free from September through December this year. This will be accessible to all companies, not only member companies, who are interested in expanding their radar to look for new directors. We will be making this available not only for listed companies but also to private companies, startup companies and not-for-profit organisations.

So, come talk to us if you have a desire to look at external sources and expand that view.

Conclusion

In closing, I want to thank, once again, our Guest of Honour, Professor Tan Cheng Han, for being with us today. Thank you for sharing your perspectives with us.

Thank you also to our partners the Centre for Governance and Sustainability at NUS and CPA Australia. It has been a very fruitful partnership for all on this governance journey, since the inception of the index.

I also want to thank our esteemed panellists – Ms Giam Ei Leen, Mr Lim Ah Doo, Ms June Sim and Mr Alan Tang – for so generously sharing their insights with us.

Congratulations to the winners of SGTI 2022, for raising the bar on governance and for inspiring us to do better.

Last but not least, thank you to each one of you here physically and online. We hope you leave this session inspired and energised as a champion for good governance.

And I will close with a quote by Mark Twain, who once said that “The secret of making progress is to get started”.

Thank you.