

# SID DIRECTORS VIRTUAL CONFERENCE

25 – 26 AUGUST 2020



## LIVING IN A COVID-19 WORLD:

A Singapore Perspective

# SID

SINGAPORE  
INSTITUTE OF  
DIRECTORS



## **MISSION**

**To foster good governance and ethics in corporate leadership.**

## **VISION**

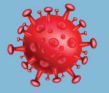
**To be the national association advancing the highest level of ethical values, governance, and professional development of directors.**

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The Singapore Institute of Directors (SID) is the national association of company directors. SID promotes the professional development of directors and corporate leaders, and provides thought leadership and benchmarking on corporate governance and directorship. It works closely with the authorities and its network of members and professionals, to uphold and enhance the highest standards of corporate governance and ethical conduct.

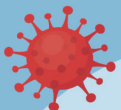
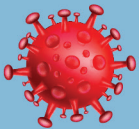
Formed in 1998, the membership of SID comprises mainly directors and senior leaders from business, government agencies and nonprofits. SID has a comprehensive training curriculum that covers the spectrum of a director's developmental journey. Members have access to a range of resources, including research publications, forums, seminars, benchmarking awards and indices, board appointment services and regular networking and social events.

For more information, please visit [www.sid.org.sg](http://www.sid.org.sg) or contact SID at (65) 6422 1188.



# ABOUT THE CONFERENCE

The global crisis caused by the Covid-19 outbreak has disrupted governments, businesses and communities, forcing the world into reset mode. Navigating through the complexities and sheer scale of the unknowns in this pandemic situation provides an unprecedented opportunity to reassess "business as usual". This conference brings together policy experts, corporate leaders and frontline practitioners, to explore lessons for a more sustainable future and governance standards for leadership in a Covid-19 world.



# CONFERENCE PROGRAMME

Day 1 - 25 August 2020

- 9.45 am **Welcome Address**  
Tham Sai Choy, Chairman, Singapore Institute of Directors
- 9.55 am **Guest-of-Honour's Address**  
Indranee Rajah  
Minister in the Prime Minister's Office  
Second Minister for Finance and National Development
- 10.10 am **Keynote 1: The World of New Normal – What has Changed**  
“New normals” have emerged for many companies adapting to changed circumstances. This section looks at how companies have adopted new practices, new business models, new digital transformation, new ways of engaging stakeholders, among others.  
  
Eric Yuan, CEO  
Zoom  
  
Moderator: Philip Forrest, Council Member, Singapore Institute of Directors
- 10.40 am **Keynote 2: Global Geopolitics after COVID-19**  
Global geopolitics in coming years will be dominated by the US-China contest. This discussion will explore the causes and consequences of this contest for countries and companies.  
  
Kishore Mahbubani, Distinguished Fellow, Asia Research Institute  
National University of Singapore  
  
Moderator: Wong Su-Yen, First Vice-Chair, Singapore Institute of Directors
- 11.10 am **Plenary Panel focus: A Singapore Perspective**  
A panel discussion comprising speakers managing the Covid-19 crisis, from both the frontline and the government perspective. Speakers will share key experiences and learnings on what has worked and what has not, and to envision the possible paths forward in our new world.  
  
Anita Fam, President, National Council of Social Service  
Keith Tan, Chief Executive, Singapore Tourism Board  
Lew Chuen Hong, Chief Executive, Infocomm Media Development Authority  
Wong Kok Hoe, Executive Director & Deputy Chairman, Centurion Global Ltd  
  
Moderator: Tham Sai Choy, Chairman, Singapore Institute of Directors
- 12.10 pm **End of Day 1**

## Day 2 - 26 August 2020

9.45 am **Welcome Address**  
Wong Su-Yen, Vice-Chair, Singapore Institute of Directors

9.50 am **Keynote: Purpose and profit: Can We Realistically Have Both?**  
For many decades, boards and leaders followed the advice from Nobel laureate Milton Friedman that there was no social purpose of business besides maximising returns to shareholders. But today, employers find they cannot win the war for talent, keep employees motivated, or satisfy customers if they cannot prove they are not helping to make the world a better place. Can purpose and profits co-exist? Room to Read founder and best-selling author John Wood has raised US\$650 million of philanthropic capital by pioneering a new model, where companies find creative ways to embrace both, and no longer treat purpose and profit as antithetical notions.

John Wood, Founder, Room to Read

Moderator: Nick Nash, Co-founder and Managing Partner, Asia Partners

10.20 am **Break**

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### Breakout Track 1

10.30 am **1A: Technology and digital transformation**  
This track highlights how technology has played a critical role during the Covid-19 pandemic. Speakers will look at how digital transformation has enabled new ways of working and how technology has facilitated crisis management. The emergence of best practices can help guide companies tackle future emergencies.

Moderator: Han Chung Heng, Conference Committee Member, SID

Sandra Ng, Group Vice President, IDC  
Thio Tse Gan, Cyber Risk Leader, Deloitte SEA  
Wai Keat Cheang, Head of Advisory, EY  
Wynthia Goh, Head of NEXT Digital, NCS

10.30 am **1B: Governance in crisis**  
This track focuses on the changing dynamics of governance as companies adapt to moving goalposts and a faster pace of change. Speakers will explore the changes in enterprise risk management, governance best practices, audit considerations and decision making without the benefit of playbooks and data.

Moderator: Wong Su-Yen, Vice-Chair, SID

Frank Phuan, CEO & Executive Director, Sunseap Group  
Irving Low, Co-Head of Advisory, KPMG Singapore  
Tan Boon Gin, CEO, Singapore Exchange Regulation  
Yap Chee Keong, Independent Non-executive Director, Olam International

11.50 am **End of Track 1**

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## Day 2 - 26 August 2020

### Breakout Track 2

11.55 am

#### **2C: Changing dynamics of talent and workforce management**

This track explores how the traditional cycles of attracting, developing and retaining talent and workforce management has changed. Speakers will discuss the new normal of work-from-home, e-Learning, remote management, and trending topics on building morale and stakeholder engagement during times of crisis.

Moderator: Pauline Goh, Council Member, SID

Dean Tong, Head of Group Human Resources, UOB

Greg Unsworth, Risk Assurance and Digital Business Leader, PwC Singapore

Sergio Salvador, APAC Digital Practice Leader, Egon Zehnder

11.55 am

#### **2D: Nonprofits and sustainability in the evolving landscape**

For most nonprofit organisations, the Covid-19 crisis has presented unprecedented challenges. Mission obligations are heightened as new needs emerge, and a systemic approach is required to navigate the changing landscape. Are charities ready for these challenges, and how can nonprofit leaders initiate sustainable change, given their different levels of readiness?

Moderator: Theresa Goh, Council Member, SID

Keynote: Looking Ahead for a Stronger Tomorrow: A NPO Perspective

Ang Hak Seng, Deputy Secretary, MCCY

Panel:

Ang Hak Seng, Deputy Secretary, MCCY

Carrie Tan, Executive Director, Daughters of Tomorrow

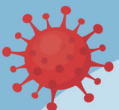
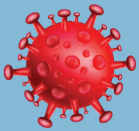
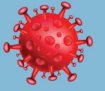
Junie Foo, President, SCWO & Group Executive Director, Methodist Welfare Services

Yong Lum Sung, Chairman, Care Corner Singapore

1.15 pm

#### **End of Programme**

# SPEAKERS' BIOGRAPHIES



# GUEST-OF-HONOUR



## **Indranee Thurai Rajah**

**Minister in the Prime Minister's Office**

**Second Minister for Finance and National Development**

**Member of Parliament for Tanjong Pagar GRC**

Ms Indranee Rajah is the Minister in the Prime Minister's Office. She is also Second Minister for Finance, and Second Minister for National Development.

Ms Rajah has been the Member of Parliament for the Tanjong Pagar Group Representation Constituency (GRC) since 2001.

She was in practice as a lawyer and Senior Counsel before joining the Government.

Under her law portfolio from 2012 – 2018, she co-chaired the Committees on Family Justice, the formation of the Singapore International Commercial Court as well as the Committee to Strengthen Singapore as an International Centre for Debt Restructuring. She also co-chaired the Penal Code Review Committee whose recommendations led to major amendments to the Penal Code, including greater protections of women and the vulnerable.

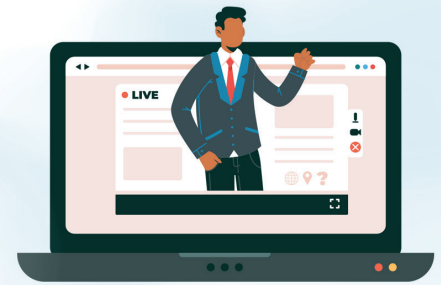
In her first tour of the Education Ministry from 2012 – 2015, she led the Applied Study in Polytechnics and ITE Review (ASPIRE) Committee resulting in SkillsFuture, a national movement to align education with economic demand, career guidance and lifelong learning. In the second stint from 2018 – 2020, Ms Rajah chaired UPLIFT – the "Uplifting Pupils in Life and Inspiring Families Taskforce", an inter-agency team convened in 2018 to strengthen support for students from disadvantaged families.

Under her finance portfolio, Ms Rajah co-chaired the Working Group on Legal and Accounting Services, a sub-committee of the 2016 Committee on the Future Economy, the recommendations of which are aimed at transforming the legal and accounting industries in Singapore and catalysing the internationalisation of such professional services.

In the Prime Minister's Office, Ms Rajah oversees the National Population and Talent Division and assists Senior Minister Teo Chee Hean on population matters.



# SPEAKERS



## Ang Hak Seng

### Deputy Secretary, Ministry of Culture, Community and Youth

Dr Ang Hak Seng is the Deputy Secretary of MCCY leading the ministry's efforts in Singapore Cares, the national movement to foster a more caring, compassionate and inclusive society. He is concurrently appointed as Commissioner of Charities. Dr Ang is a Fellow Chartered Accountant of the Institute of Singapore Chartered Accountants and a Chartered Accountant with the Chartered Accountants Australia and New Zealand. He is also an Adjunct Professor with Nanyang Technological University (NTU) and Singapore University of Social Sciences. Dr Ang obtained his PhD from NTU and has an MBS (1st Class Hons) from Massey University, and a MSc in Management of Technology from Massachusetts Institute of Technology.

## Anita Fam

### President, National Council of Social Service

Ms Anita Fam, a former lawyer, is a full-time volunteer who has been involved in the social service sector for more than 20 years, both at charity and national level, in the areas of disability, palliative care, healthcare and mental health. Ms Fam currently serves as President of the National Council of Social Service and also chairs the board of Assisi Hospice and the Steering Committee of the 3rd Enabling Masterplan (2017–2021). In addition, she sits on various boards and committees including the Board of Visiting Justices and Board of Inspection, Institute of Mental Health Institutional Committee, Lien Foundation, SAS Foundation and SG Cares Steering Committee. A Justice of the Peace, Ms Fam was conferred the Public Service Star in 2014 and the Public Service Medal in 2008 for her work in the community.

## Carrie Tan

### Executive Director, Daughters of Tomorrow

Ms Carrie Tan is the founding Executive Director of Daughters of Tomorrow, enabling livelihoods and financial self-sufficiency for underprivileged women in Singapore. Since 2012, she and her team has impacted more than 800 women through community mobilisation to provide them with skills, confidence and access to job opportunities. She raises awareness about urban poverty in one of the richest countries in the world, and forges collaboration among private, public and non-profit sectors to enable social and economic mobility for vulnerable communities. Ms Tan is a Young Southeast Asian Leaders Initiative fellow and her work in women's empowerment and advocacy for collaboration was mentioned by former US President Obama at a press conference during Prime Minister Lee's visit to the White House in August 2016. She is an Member of Parliament.

## Cheang Wai Keat

### Head of Consulting, Ernst & Young Advisory Pte Ltd

Mr Cheang Wai Keat has vast experience in providing technology consulting services to numerous local and multinational corporations from the private and public sectors across the Asia Pacific region. He covers agile business transformation, post-merger integration, and end-to-end managed services consultation for IT and business processes for life sciences, health care, consumer goods, agribusiness, transportation and real estate clients. He is certified in production and inventory management (APICS CPIM) and ITIL v3 Foundation. He holds a Bachelor of Computer Science with Merit from National University of Singapore.

## **Dean Tong**

### **Head of Group Human Resources, United Overseas Bank**

Mr Dean Tong joined United Overseas Bank in August 2018 and is the Head of Group Human Resources. He is responsible for leading the people and organisation transformation strategy across the Group. Mr Tong has more than 20 years of consultancy experience, specialising in talent and leadership management across Asia, Europe and North America. He has vast experience consulting across multiple industries including financial services, industrial goods, consumer goods and telecommunications. He also played an instrumental role in the creation of an award winning low-cost banking model in Malaysia, and a number of multi-finance businesses in Indonesia. Mr Tong holds a Master of Business Administration (Finance) (Palmer Scholar) from The Wharton School, University of Pennsylvania.

## **Eric Yuan**

### **Founder and Chief Executive Officer, Zoom**

Mr Eric Yuan founded Zoom in 2011 to deliver happiness and bring teams together in a frictionless video environment. Zoom's video-first unified communications platform continues to dramatically transform the way leading global enterprises communicate. Under his leadership, Zoom was one of the highest-performing tech IPOs of 2019. Prior to founding Zoom, Mr Yuan was corporate vice president of engineering at Cisco, where he was responsible for Cisco's collaboration software development. He was one of the founding engineers and vice president of engineering at Webex. Between 1997 and 2011, he grew his team from 10 engineers to more than 800 worldwide and contributed to revenue growth from zero to more than \$800M.

Mr Yuan has been named one of the Most Powerful People in Enterprise Tech by Business Insider. In 2018, he was named the CEO of a large US company by Glassdoor and EY Entrepreneur of the Year in Northern California (software category). In 2019, he was added to the Bloomberg 50 as a leader who changed the game in global business. He is a named inventor on 11 issued and 20 pending patents in real-time collaboration.

## **Frank Phuan**

### **CEO and Executive Director, Sunseap Group**

Mr Frank Phuan belongs to the second generation of a family business that has been in the solar industry for 35 years. Incorporated and co-founded by Frank in 2015, Sunseap Group is the first full-fledged solar utility company in Singapore, currently licensed under the Energy Market Authority as both an energy wholesaler and an energy retailer specialising in renewable energy. Sunseap Group is the holding company for its renewable energy subsidiaries Sunseap Leasing, Sunseap Energy, Sunseap International, Sunseap Solutions, Sunseap Engineering and Sunseap Energy Ventures. Mr Phuan has been awarded the distinguished Nanyang Outstanding Young Alumni Award 2014 and the prestigious Entrepreneur of the Year Award 2015, and the PVSEC Special Award in 2016 in recognition of his contribution to the growth of the photovoltaic industrial technology in Singapore.

## **Greg Unsworth**

### **Risk Assurance and Digital Business Leader, PwC Singapore**

Mr Greg Unsworth is PwC Singapore's Risk Assurance and Digital Business Leader and has previously served as PwC's technology sector leader for the Asia Pacific region. He oversees a team of 20 partners and 400 professional staff who help the firm's clients manage business risks, enhance governance and controls programmes, comply with regulations and build digital trust. He also serves on PwC's leadership team and has significant experience advising clients around digital business initiatives and managing risks. Mr Unsworth is a member of a number of PwC global advisory and editorial committees involved in the development of the firm's industry thought leadership and he regularly works with global and regional industry networks and specialists.

## **Irving Low**

### **Co-Head of Advisory, KPMG Singapore**

Mr Irving Low is a partner in KPMG in Singapore. He has been with KPMG for over 26 years, having worked in both the London and Singapore offices. As the Co-Head of Advisory (Singapore and Indonesia), he is responsible for the Advisory businesses and practices across Management Consulting and Risk Consulting. Mr Low sits in the firm's Senior Executive Committee which oversees the firm's strategic and operational excellence. His key area of practice is in corporate governance, where he is also the KPMG APAC Leader for Board Advisory Services. He has undertaken numerous corporate governance reviews for both public and private organisations in light of the renewed focus in this area. He is a frequent invited guest and speaker at board meetings and presentations as well as public forums on corporate governance.

## **John Wood**

### **Founder, Room to Read**

Mr John Wood is the Founder of Room to Read, with over 2,000 employees in more than 20 countries, reaching over 18 million children. He previously held executive positions at Microsoft, including Director of Marketing for Asia Pacific and Director of Business Development for Greater China. Mr Wood is the Asia Partner at Concentric Equity, a US\$2 billion Chicago-based firm. He serves on the board of Asia Partners, a Singapore-based private equity firm, and is a Senior Advisor and investor in Green Monday Holdings and abillionveg. He is a Henry Crown Fellow at the Aspen Institute, a Young Global Leader of the World Economic Forum, a four-term Advisory Board member of the Clinton Global Initiative and was named by Bill and Melinda Gates as Microsoft's first-ever Alumni of the Year.

## **Junie Foo**

### **Group Executive Director, Methodist Welfare Services**

Ms Junie Foo is Group Executive Director at MWS (Methodist Welfare Services). A champion of women advancing into senior leadership roles, she views a focus on gender diversity within organisations to be both a recipe for business success and a socially responsible measure. A Co-Founder and Chair of BoardAgender, Ms Foo is a former President of Financial Women's Association and has held senior management positions in international banks. She is the President of SCWO and a member of the SIM Governing Council (Audit Committee). She also sits on the board of the Singapore Art Museum and on the advisory council of the NUS Faculty of Arts and Social Sciences.

## **Keith Tan**

### **Chief Executive, Singapore Tourism Board**

Mr Keith Tan assumed the position of Chief Executive of the Singapore Tourism Board on 29 October 2018. He was the Deputy Secretary (Policy) in the Ministry of Defence from 2014 to 2018, where he strengthened Singapore's international defence partnerships and led MINDEF's strategic planning and communications. From 2013 to 2014, he served as Senior Director of the Public Service Division's PS21 Office and Institute Director in the Institute of Governance and Policy at Singapore's Civil Service College. Mr Tan also served in the Ministry of Trade and Industry as Director of the Economics and Strategy Division and Foreign Economic Policy Division.

## **Lew Chuen Hong**

### **Chief Executive, Infocomm Media Development Authority**

As Chief Executive, Mr Lew Chuen Hong leads the Infocomm Media Development Authority (IMDA) in growing Singapore's Digital Economy and securing Singapore's place as an international digital metropolis. Mr Lew joins IMDA following a distinguished 25-year career with the Republic of Singapore Navy where he was the Chief of Navy from 2017 to 2020. In 2008, he was seconded to the Ministry of Trade & Industry where he championed pro-enterprise policies and drove the strategic review of the Research, Innovation and Enterprise 2015 plan. Mr Lew previously served on the boards of Duke-NUS Graduate Medical School, Maritime and Port Authority of Singapore, and ST Engineering. He was also Chairman of the School of Applied Science Advisory Committee Board, Republic Polytechnic

## **Kishore Mahbubani**

### **Distinguished Fellow, Asia Research Institute National University of Singapore**

A veteran diplomat, student of philosophy, and author of eight books, Mr Kishore Mahbubani is currently a Distinguished Fellow at the Asia Research Institute, National University of Singapore. Mr Mahbubani is also a former President of the UN Security Council (Jan 2001, May 2002) and the Founding Dean of the Lee Kuan Yew School of Public Policy (2004-2017). Mr Mahbubani writes and speaks prolifically on the rise of Asia, geopolitics and global governance. His eight books and articles in the New York Times, Washington Post, Financial Times and Foreign Affairs have earned him global recognition as "the muse of the Asian century." He was inducted into the American Academy of Arts and Sciences in October 2019. His latest book, *Has China Won?*, was released on 31 March 2020. More information can be found on [www.mahbubani.net](http://www.mahbubani.net).

## **Sandra Ng**

### **Group Vice President, IDC Asia Pacific**

Ms Sandra Ng is the Group Vice President heading IDC's Asia Pacific Practice Group. Based in Singapore, she is responsible for thought leadership and deep-dive insights and advisory content on IDC's 3rd Platform disruptive pillars of Cloud, Mobility, Big Data Analytics and Social. She advises tech buyers and IT suppliers/enablers across the ICT marketplace. Ms Ng leads a team of senior analysts with collective expertise across the ICT industry, leveraging the core research created by IDC's Asia Pacific Domain Research Group. This value creation process enhances the proposition IDC brings to strategy, planning and market intelligence stakeholders. This unique delivery of research content also brings with it IDC's thought leadership analysis and business executive insights for marketing, product management, sales and strategic leadership teams within the client organisation.

## **Sergio Salvador**

### **Asia Pacific Digital Practice Lead, Egon Zehnder**

Sergio Salvador is an accomplished Talent Advisor and Transformational Coach, and leads the Digital and Technology Practice for Egon Zehnder in Singapore. He takes pride in leveraging his decades of international experience in senior management, marketing, business development and strategic alliances, across industries, to support leaders to achieve their objectives. Prior to joining Egon Zehnder, Sergio held global roles at Google, Electronic Arts, Yahoo! And Nokia among others. Sergio earned a MA from the University of Zaragoza, and later completed an Executive Program at the Stanford Graduate School of Business. Originally from Spain, he has lived in Asia for 15 years.

## **Tan Boon Gin**

### **CEO, SGX RegCo**

Mr Tan Boon Gin joined SGX as Chief Regulatory Officer on 15 June 2015. He now heads Singapore Exchange Regulation, an independent regulatory subsidiary of SGX, which undertakes all front-line regulatory functions to promote a fair, orderly and transparent market. Before joining SGX, Mr Tan was the Director of the Commercial Affairs Department of the Singapore Police Force. Prior to this, Mr Tan held several appointments at the Monetary Authority of Singapore including Director of the Enforcement Division, the Corporate Finance Division and Executive Director of the Investment Intermediaries Department. Mr Tan is an advocate and solicitor and holds degrees from the University of Cambridge and Harvard Law School. He was also awarded the Public Administration (Silver) Medal in 2010.

## **Tham Sai Choy**

### **Chairman, Singapore Institute of Directors**

Mr Tham Sai Choy is a chartered accountant. He was for many years a member of KPMG's global board, and had responsibility for its Asia Pacific regional operations as its chairman and the Singapore operations as its managing partner. As a practising accountant, he led a wide range of audit and consulting work. He has been an active participant in the development of accounting standards and governance standards for businesses as well as the public and not-for-profit sectors. He serves on the boards of DBS Group Holdings Ltd, Housing & Development Board and Mount Alvernia Hospital, amongst others.

## **Thio Tse Gan**

### **Cyber Risk Services Leader, Deloitte Southeast Asia**

Mr Thio Tse Gan is an Executive Director with the Cyber Risk Services – Risk Advisory practice of Deloitte. Concurrently, he is the practice lead for Cyber Risk Services in Deloitte Southeast Asia and established the Cyber Intelligence Centre in Singapore and Malaysia. He is responsible for managing operational risk, information security and risk management solution engagements. Mr Thio has played a significant role in the design and implementation of various cyber and technological solutions in the financial services industry as well as product training across regional, private and central banks in the region.

## **Wong Kok Hoe**

### **Executive Director and Deputy Chairman of Centurion Corporation Limited**

Mr Wong Kok Hoe is an Executive Director and Deputy Chairman of Centurion Corporation Limited. Centurion owns, develops and manages specialised accommodation assets globally including purpose-built workers accommodation in Singapore and Malaysia and student accommodation assets in the United States, United Kingdom and Australia. It is listed on the Singapore Exchange and the Hong Kong Stock Exchange. Prior to joining the Centurion group, Mr Wong was a practising lawyer in Singapore for more than 18 years, focusing on the areas of corporate finance and mergers and acquisitions.

## **Wong Su-Yen**

### **First Vice-Chair, Singapore Institute of Directors**

Ms Wong Su-Yen serves on the boards of several public, private, and not-for-profit organisations in Singapore and overseas. She chairs or is a member of various Nominating, Remuneration, and Audit Committees. She is Chairperson, Nera Telecommunications, and a director at MediaCorp, Yoma Strategic Holdings, First Resources, and CPA Australia. Ms Wong brings experience in business strategy, human capital development, and organisation transformation, across North America and Asia. She is the only Asia-based individual named to the Financial Times' Agenda Directory of Top 100 Board Candidates with Pay-Setting Skills. She is an active member of the Young Presidents' Organization and WomenCorporateDirectors

## **Wynthia Goh**

### **Head of NEXT Digital, NCS**

Wynthia Goh heads up the Digital business within NCS NEXT Services. She is responsible for the development and delivery of digital capabilities both locally and regionally. She leads teams to help clients become a truly digital business through designing digital products, applications and services, helping them gain actionable intelligence through data and transforming their business with impactful adoption of digital technologies.

Wynthia has extensive experience leading regional digital teams with responsibilities in strategy consulting, product management, innovation, analytics, investment, customer experience and digital platforms. She is responsible for growing teams in consulting, advanced analytics, mobility, user experience and innovation.

## **Yap Chee Keong**

### **Independent Non-executive Director, Olam International**

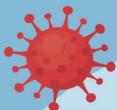
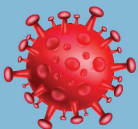
Mr Yap Chee Keong is an independent non-executive director and chairman of the audit & risk committee or audit committee of Olam International, Sembcorp Industries, Shangri-La Asia, Certis Cisco Security, Ensign Infosecurity and Mediacorp. Mr Yap was the Executive Director of The Straits Trading Company, and the Chief Financial Officer of the Singapore Power Group. He chaired the boards of CityNet Infrastructure Management and Singapore District Cooling and sat on the boards of ARA Asset Management, CapitaMalls Asia, Citibank Singapore and Tiger Airways. He is a former member of the Accounting and Corporate Regulatory Authority board and the Public Accountants Oversight Committee. Mr Yap holds a Bachelor of Accountancy from the National University of Singapore and is a Fellow of the Institute of Singapore Chartered Accountants, CPA Australia and Singapore Institute of Directors.

## **Yong Lum Sung**

### **Chairman, Care Corner Singapore**

Mr Yong Lum Sung has more than 40 years of industry and business experiences. He was appointed to the board of Care Corner Singapore in 2013 and has been Chairman since August 2018. He also serves as an Independent Director and Chairman of SGX-listed Asian Pay Television Trust, and sits on the boards of several other companies. Mr Yong holds a Master of Electrical Engineering degree from the University of Singapore. He has also attended the Advanced Management Programme at Harvard Business School.

# THOUGHT LEADERSHIP



# SID Directors Conference 2020

# **LIVING IN A COVID-19 WORLD:**

## A Singapore Perspective



## **Changing the Face of Education**

By Anne Keehn, Global Education Lead, Zoom

Teachers support our children, and children are the future of our society.

The first K-12 Summer Zoom Academy 2020 attracted tens of thousands of educators, school leaders, IT staff and other learners and leaders from 154 countries around the world. The two-day professional development series, held on 29-30 July 2020, provided the educational community access to colleagues and thought leaders, as well as collaborative space to share wisdom and insights.

The continued commitment to the education community globally involves the provision of secure, reliable and impactful solutions for both students and educators.

### **Teach anywhere**

Educators and school leaders are reshaping the learning experience to include virtual instruction, face-to-face teaching, or a combination of both. Key takeaways include the following.

- Bridging the digital divide. The pandemic has uncovered the massive impact of the “digital divide”. Bridging the digital divide is a critical task is to ensure all students have internet connectivity and a device to access online learning opportunities. To overcome the challenge, educators have to conduct outreach to students who aren’t connecting online in order to identify and support their needs.
- Use technology as a tool, not a driver. Ask yourself: what purpose or objective am I trying to achieve, and what is the right tool or platform for the task? Pre-recorded videos or breakout rooms may be helpful for certain lessons, while other assignments could incorporate a physical toolkit of materials you send to each student’s home.
- Don’t try to recreate the classroom experience online. Design your days and establish routines to support this new learning environment, which may mean rethinking how to measure things like attendance and grading. Set and hold high expectations for your students.

### **Learn anywhere**

Virtual learning offers more ways for students to engage than in a physical classroom. Here are some tips for keeping students engaged, no matter where they are.

- Use engagement features like polling, chat, screen sharing, and breakout rooms to go beyond the traditional “teacher talks, student listens” format. Think about the question you want to ask and the discussion you want to take place to find the best channel for engagement.
- Teaching students how to learn on their own is a powerful way to give them agency. Don’t feel like you have to have live instruction all the time – blend synchronous learning with asynchronous components. Having a good balance of independent time makes the moments of live instruction/collaboration much more special.



## **Connect anywhere**

While the Covid-19 pandemic has dramatically impacted the educational landscape, educators and school districts are using virtual platforms like Zoom to offer new learning experiences, creating connections for students that would not be possible in person. Below are some examples.

- Look into partnerships that connect and bring subject matter experts into your virtual classroom. Not only does this enable you to fill in gaps in your schedule with high-quality content, but it also provides students with opportunities they may not have had otherwise. For example, Chicago Public Schools used virtual college fairs to connect students with colleges and universities that may not have come to their schools.
- Build and cultivate connections within your community through events like virtual graduations and virtual summer camps (with theme days to keep students interested and engaged).
- Don't reinvent the wheel. There are plenty of communities of teachers that are working together and sharing what they know. Follow #zoomedu or search for Facebook groups and other online forums to find ideas.

## **Commitment to education**

How can we work better to serve educational communities globally and turn Zoom into a platform that can help empower educators? Many of the 100 security features introduced during our 90-day security plan, for example, were geared toward making our platform safer for schools, teachers, and students, and we'll continue to pour resources into those efforts.

Some additional highlights from our commitment to education:

- Launching a CISO council with an education vertical, bringing together chief information security officers from different districts, universities, and educational spaces to address their security concerns.
- Zoom for Education garnering an 88% passing rate from Common Sense Privacy Program, which evaluates ed-tech tools from a child and student privacy standpoint.
- A committed focus on building a global education community and strengthening educational partnerships.

We're also working to:

- Develop features that connect Zoom with other educational tools and applications, to create a seamless virtual experience.
- Enhance breakout rooms, which are a powerful tool for engaging learners.
- Develop an upgraded and improved solution for Chromebooks, so you have the same great Zoom functionality on every device.

What's clear is that hybrid learning is most likely here to stay, and a combination of virtual and face-to-face instruction could offer some students greater access to educational experiences. ■

*This article was first published on the Zoom blog on 30 July 2020.*

SID Directors Conference 2020

# LIVING IN A COVID-19 WORLD:

A Singapore Perspective



## The Great Paradox of Donald Trump's Plan to Combat China

By Kishore Mahbubani

The great paradox about the Trump administration's response to the challenge from China is that it is both overestimating and underestimating this challenge. The overestimation is clear; the underestimation, which is more dangerous, less so.

Secretary of State Mike Pompeo spelled out clearly his case for overestimation in his speech of the Nixon Library on 23 July 2020. "We're seeing staggering statistics of China trade abuses that cost American jobs and strike enormous blows to the economies all across America, including here in Southern California," Pompeo said. "And we're watching a Chinese military that grows stronger and stronger and indeed more menacing." One could be forgiven for believing that China is about to mount a military invasion of the US. Yet, there is no doubt that in the military field, the US is much stronger than China. In his speech, Pompeo said, "We've called on China to conform its nuclear capabilities to the strategic realities of our time." If China heeded his call, then it would have to add over 5,500 weapons, compared to almost 6,000 for the United States.

Pompeo also declared that the Chinese Communist Party (CCP) was exploiting America's "free and open society" and "sent propagandists into our press conferences, our research centres, our high schools, our colleges, and even into our PTA meetings." In short, Chinese agents of influence have infiltrated all segments of American society and could undermine it. The most telling word Pompeo used to describe the CCP was "Frankenstein". This word implies that a monster was now threatening America. It would be reasonable for an American to feel scared after hearing the speech.

Yet, even though the recent speeches on China by Trump administration officials have been strident, they ultimately underestimate the challenge posed by China because they fail to realistically explain its nature. Pompeo makes it clear that it is the communist ideology of the CCP that is threatening America. As he said, "General Secretary Xi Jinping is a true believer in bankrupt totalitarian ideology. It's this ideology that informs his decades-long desire for global hegemony of China communism." If global hegemony was indeed China's goal, then Americans can relax. Any such ambition of global hegemony will fail. The world will reject it.

The CCP is actually a far more formidable competitor to America because its primary goal is not global hegemony. It is to revive the world's oldest and most resilient civilisation and restore its natural place as the most successful civilisation for most of human history. And the CCP is doing a very good job at this process of revitalisation. One little known fact about the CCP is that since its creation in 1949, 71 years ago, this is strongest it has ever been.

A Harvard Kennedy School Ash Center study titled "Understanding CCP Resilience" published in July 2020 explains why the CCP is so popular in China. "Regime theory has long argued that authoritarian systems are inherently unstable because of their dependence on coercion, over-centralisation of decision making, and the privileging of personal over institutional power," according to the report. "Over time, these inefficiencies tend to weaken the legitimacy of the ruling government, leading to generalised unrest and citizen dissatisfaction." This is what should have happened in China. Instead, as this report says, "the Party appears to be as strong as ever. A deeper resilience is founded on popular support for regime policy." This is why the report concludes that "there is little evidence to support the idea that the CCP is losing legitimacy in the eyes of its people."

Pompeo was also underestimating and misunderstanding the Chinese challenge when he spoke of the distinction between the CCP and the Chinese people. He said, “We must also engage and empower the Chinese people – a dynamic freedom-loving people who are completely distinct from the CCP.” Here are some important statistics. Each year over 20 million Chinese apply to join the CCP. About 12 per cent of them get in, making it as difficult to join the CCP as it is to get into leading universities in America. In short, the CCP is not a party about to crack up under American pressure: it is floating on an ocean of legitimacy among 1.4 billion Chinese people, who are now happy as they are experiencing a new high tide in the history of Chinese civilisation. The 2020 Edelman Trust Barometer reports that 90 per cent of the Chinese people support the Chinese government.

All this explains a key weakness of the American strategy towards China. No country, with the possible unwise exception of the current Australian government, has jumped on to the American bandwagon as it rushes to confront China. Not even close allies like the UK. One influential British figure noted in Davos in January that the UK would proceed to install 5G technology from Huawei as British Intelligence agencies had thoroughly scrubbed the Huawei software. He confidently asserted that the US could not arm-twist the UK as the US needed the UK as much as the UK needed the US. By July, the UK had capitulated. One can only imagine the arm-twisting that took place. What a contrast to the Cold War when the UK and the US were complete comrades-in-arms.

The Trump administration is right on one point. There are rising levels of concern around the world on the new assertiveness displayed by China from the “wolf-warrior” diplomats in Europe to the killings of the Indian soldiers in the Himalayas. An intelligent and thoughtful American strategy that tried to balance Chinese assertiveness by developing a wide network of friends across the globe could work. Instead, as Richard Haas says, “under this administration, we treat the European Union as an economic foe, bash South Korea and Japan... it is not realistic to expect allies to stand up to a powerful neighbour if they cannot count on us.”

If the Trump administration or the US is serious about taking on the Chinese challenge, it needs to do a complete reboot and work out a thoughtful long-term strategy. It should also heed the advice of its previous strategic thinkers in trying to understand the real nature of the CCP. As George Kennan said, “Our first step must be to apprehend and recognise for what it is, the nature of the movement with which we are dealing. We must study it with same courage, detachment, objectivity, and same determination not to be emotionally provoked or unseated by it.”

Kennan also advised that the US should adopt the virtues of “modesty and humility”. These virtues are absolutely critical if the US is to develop a deep and realistic understanding of the enormous challenge posed by China. ■

*This article was first published on The National Interest on 29 July 2020.*

SID Directors Conference 2020

# LIVING IN A COVID-19 WORLD:

A Singapore Perspective



## Purpose, Incorporated – Turning Cause into Your Competitive Advantage

By John Wood and Amalia McGibbon

Greetings from Nepal! I am writing this in front of a roaring fireplace in a tiny guesthouse nearly ten thousand feet above sea level. I'm here in a remote section of the Himalayas because seventeen years ago I founded a charity called Room to Read, and our work allows me to visit some of the thousands of schools and libraries we're supporting. Those travels take me to exotic locations, including fishing villages in the Mekong Delta, Syrian refugee camps in Jordan, and coastal villages in Sri Lanka rebuilding after the thirty-plus-year civil war.

Tonight, I'm proud to be putting the finishing touches on my third business book – this one focusing on how companies can pursue both purpose and profit simultaneously and build better businesses as a result. But all this may cause you to wonder, why is a full-time do-gooder writing business books?

Well, first off, because my work didn't always take me up into the mountains. Early in my career, I was a senior Microsoft executive who spent most of his time thinking about the company's hard-nosed business goals: how to launch new products, outflank competitors to capture market share, and open new subsidiaries. Truth be told, I was also paying a lot of attention to feathering my nest with as many stock options as possible.

In 1998, to celebrate my seven-year anniversary with the company, I set out on a bold adventure: an eighteen-day, two hundred-mile trek in Nepal's Annapurna mountain range. At the end of an arduous first day, I sat down in a teahouse and soon met the headmaster of the local school. He offered to give me a quick tour of the dilapidated school, ending in a library that was completely devoid of children's books.

Pointing to the empty shelves, he explained, "In Nepal, we are too poor to afford education. But until we have education, we will always remain poor." As I wondered what I could do to help, the headmaster gave me a homework assignment: "Perhaps, sir, you will someday come back with books."

### Rebooting my life

On my flight back home to sunny Sydney, I composed an email appeal to friends, coworkers, and family: "Please, help me set up a library in Bahundanda. Send me your used children's books! *Clifford the Big Red Dog*, *The Cat in the Hat*, *Goodnight Moon* – whatever you've got!" The response was overwhelming, and within a year my seventy-three year-old retired father was helping me figure out how to get three thousand donated books to that little village. The solution would involve a father-son adventure trip, six rented donkeys, and the happiest day of my life.

As we unloaded our treasure, it was like a mosh pit as the eager young students grabbed the first brightly coloured children's books they had ever seen. I will never forget the kids laughing as they saw an octopus for the first time – or the little girl who asked, "Mister, what does the ocean taste like?" And on that day, at the age of thirty-five – thinking about my job at Microsoft and my desire to have an impact on something other than my bank account—I made the rather insane decision to leave a lucrative career and start a nonprofit to bring books and literacy to children across the poorest parts of the world.

It was rather nerve-racking to walk into my boss's office to utter those epic words: "Sorry, but I'm quitting!" – especially since I was not doing something logical and predictable, like moving on to a different tech company. Instead, I was

going to invent a new future, one that would have me hiring yaks in addition to those rented donkeys to go even higher into the Himalayas.

It's tough to get a new charity off the ground. On many days, it sucked. We had no fund-raising experience and zero brand recognition, and during the first few months, I was the only donor. But we ended up hitting not just one tipping point but several and have become the most far-reaching and effective education NGO working in the developing world. Our teams have sponsored the construction of twenty-five hundred school buildings, funded long-term scholarships for over fifty thousand young women, and trained over fifteen thousand teachers in literacy and library instruction. That first little library in Bahundanda has multiplied beyond my wildest dreams; today over twenty thousand communities in fifteen countries have Room to Read libraries. Over twelve million students have access to enhanced educational opportunities, and that number will grow to over fifteen million during the next year.

People often ask me about the keys to our success. One was that from the beginning, our founding team vowed to run the organisation like a business. Too many charities are chaotically run and are long on heart but short on actual results. We vowed to be different: we'd have a strategic plan, tight financials, KPIs, dashboards, and unapologetic culling of nonperformers. We'd hire "corporate refugees" who had cut their teeth in the private sector and were now willing to devote the next stage of their careers to building a global education movement. That focus helped to get us off the ground, but something even bigger was brewing. Tectonic plates were starting to shift. And that would be critical to taking Room to Read to serious scale.

## **Where cause meets capitalism**

As our team continued to grow, we met more and more business leaders who expressed a desire to work with us. Many had originally come on board as individual donors after attending fund-raising events, only later to ask, "How can I get my company involved?" Through hours of conversations with hundreds of business professionals, we learned that many companies were in the early stages of a transition. Where they'd once had a siloed corporate social responsibility department, they were now trying to infuse wide swaths of their companies with the mantra of purpose. Many were rejecting the notion that good works were antithetical to profits and instead were finding ways to align purpose with business goals, including building bonds with customers, generating positive buzz on social media, recruiting millennials, increasing motivation, and lowering attrition rates for their best employees.

We talked to a wide range of companies – from unknown startups in fields as varied as skin care and bottled water to pre-IPO tech companies to household names like Google and Starbucks. While in many ways different, each shared a common trait: they had found ways to stand for something bigger than just themselves. Yes, they cared about sales and net income and market share, because if they didn't get those right, then they wouldn't be in business. But the key was that these weren't the only things they cared about. They dared to talk about having a bigger mission, one focused on social change, fixing long-standing problems, and providing uplift for the world's poorest people. These business leaders saw purpose not as a nice thing to do but as a must-do – a key competitive advantage that could enhance enterprise value.

It is to help explain, celebrate, and accelerate this shift that I decided to write this book. To be clear, I'm challenging myself as an author, and you as the reader, to remain in hard-core capitalist mode, rather than focus on the obvious feel-good factor. I will provide examples of many companies that are using purpose as a competitive advantage and a way to improve the world. I hope this book can be a clarion call to encourage people at all levels of their companies to create their own unique marriage between cause and capitalism. To help, I'll provide dozens of illuminating examples of how they've made it happen. As I've interviewed CEOs and interns, enthusiastic customers, and wary investors, I've learned that the corporate world is not what it once was. There's a new land of opportunity, and – luckily for all – its streets are paved with purpose. ■

# SID Directors Conference 2020

## **LIVING IN A COVID-19 WORLD:**

### A Singapore Perspective



## **Facing the Winds of Change amid Covid-19**

By Jerry Koh, Joint Managing Partner and Victoria Leong, Senior Associate, Allen & Gledhill LLP

Covid-19 has sparked profound changes to the business landscape. It is transforming the way we live, work, and plan for the future. Amid this uncertainty, it is essential to adapt nimbly to the winds of change. This article explores Covid-19's implications for directors as they rethink leadership and governance, reimagine the office of the future, and accelerate their company's plans for digitalisation and innovation.

### **Leadership and governance**

Covid-19 has been a test of leadership across all industries. The crisis has called for leaders to respond with resilience, calm, and optimism, and to inspire unity in their organisations. In the immediate term, directors and managers have been safeguarding employees' health and wellbeing, preserving business continuity, and managing cash-flows. Looking ahead, they will also have to make high-stakes and difficult decisions involving overall strategy and direction. Executing these decisions well will require careful planning and persuasive communication.

Good corporate governance is invaluable in these trying times. The heightened financial volatility arising from Covid-19 has increased investor scrutiny in areas such as corporate disclosures, executive remuneration and dividend payouts. This trend underscores the importance of transparency and consistency in communications with stakeholders.

Covid-19 has also posed challenges in the preparation of financial statements, as it has generated significant uncertainty for valuations and business prospects of companies. Issuers are also expected to increase scrutiny of high-risk areas such as cash balances and accounts receivables and other areas that require significant estimates, as highlighted by Singapore Exchange in its 27 July 2020 guidance.

In the realm of shareholders' meetings, the Covid-19 experience has led companies to leverage digital tools to conduct virtual meetings. Even after the pandemic subsides, we may see the emergence of hybrid meetings, which would allow shareholders to attend either physically or virtually, thus enhancing shareholder engagement in the long run.

### **The office of the future**

Covid-19 has led directors to question the wisdom of the traditional office and reimagine the workplace of the future. With safety at the forefront of everyone's minds, telecommuting has become prevalent during this period. Covid-19 has shown that telecommuting can reduce rental costs, save travel time and give employees more flexibility. However, telecommuting has its downsides – projects may take longer as employees collaborate remotely, it may be more difficult to train and integrate new staff, and there are challenges with maintaining productivity. Further, physical workspaces are necessary for team bonding, and to nurture and imbue the spirit, culture and values of the organisation.

For these reasons, physical workspaces will continue to remain relevant, but may have to be tailored to the company's changing needs in the new normal. Where flexible work arrangements involve telecommuting in the new normal, employers must adapt their assessment processes and incentive structures to monitor and improve productivity. Indeed, an article published by *Harvard Business Review* on 14 August 2020 envisages that future workplaces may integrate teleworking with a network of office spaces for individuals to gather, build relationships and develop their careers.

In the new normal, directors must balance these considerations, apply a fresh lens and envision how physical workspaces should be reconfigured to promote collaboration and team culture. Directors should think of physical space in terms of the value which can be derived from it, and not just focus on the cost per square foot. On the whole, companies may consider moving towards blended home-and-office arrangements which seek to encourage the efficient use of physical space and maximise the use of technology to facilitate teleworking.

### **Digitalisation and innovation**

Covid-19 has supercharged the digitalisation and transformation of business models. Cisco's 2020 *Asia-Pacific Small and Medium Businesses Digital Maturity Study* reports that 69 per cent of respondents have accelerated digitalisation efforts. Motivated by the need for safe distancing, many organisations are striving to become cashless and paperless. The importance of digitalisation is also exemplified in the efforts of the financial industry. Even as the overall economy contracted by 6.7 per cent, the financial industry grew by over 5 per cent in the first half of 2020, according to the Monetary Authority of Singapore. This was due in a large part to the digital capabilities built up over time, such as online trading platforms and electronic payment systems.

A key hurdle for many organisations when adopting new technologies is scaling up and moving beyond pilot programmes. Digitalisation is often costly and risky, and involves a departure from traditional methods. To overcome the inertia, directors must foster behavioural changes and facilitate cooperation across teams. Organisations that excite and empower employees to do things differently will likely enjoy greater success in the digitalisation push.

Covid-19 has required businesses to pivot and ready their businesses for the future. Technology has become vital for business success. Directors should seek to understand and embrace innovative technologies which may improve their businesses, such as blockchain and artificial intelligence (AI). They should also consider whether it would be worth developing mobile apps to help employees, customers and other stakeholders connect quickly and easily. For example, Meitu has launched an augmented reality make-up app which allows users to simulate the effects of cosmetics applied to their faces.

A well-designed platform can create a great experience for customers and help businesses learn about consumer patterns and desires. Cognisant of this, businesses have turned to data analytics and AI to better understand customer behaviour.

For instance, Levi Strauss leverages AI to assess historical trends and determine the right level of promotions and discounts to offer its customers. By adopting this strategy in Europe in the second quarter of this year, the jeans retailer was able to sell six times the inventory it normally does during promotional events. In the techno-centric new normal, companies must keep pace with new and fast-changing technologies affecting their businesses.

Covid-19 has transformed businesses, and will continue to shape the future in terms of leadership, workplace design and digitalisation. Directors must move swiftly, communicate effectively, and think creatively to position their organisations for the future. ■

SID Directors Conference 2020

# LIVING IN A COVID-19 WORLD:

A Singapore Perspective



## How Technology Impacts the Post Covid-19 Business World

By Ms Jeanette Eng, Analyst, BDO Consultants Pte Ltd

The unprecedented health crisis in the form of Covid-19 prompted many developing nations across the globe to keep an open mind towards innovative applications. With half of the world's population under lockdown and governments around the world urging people to limit social contact, there is an increasing usage of online tools to engage in virtual networking among individuals.

For businesses, a transition to the virtual working environment is mandatory. The advancement of technology will be a key business consideration emerging from Covid-19 with companies further upgrading as part of their operational model. It is inevitable that this transition will take root beyond the crisis.

### Hindsight or foresight

China was an early adopter to healthcare technologies and has leveraged Artificial Intelligence (AI), Big Data, Cloud Computing, Blockchain and 5G to contain the pandemic. Prior to the outbreak, AI was already in mainstream society, and it serves as a supporting tool to analyse troves of data quickly, contextualise by learning algorithm and deliver to human decision makers. However, AI has limitations such as lack of common sense, lack of intuition, and often encode biases into outcomes.

But in the midst of every crisis, lies great opportunity. In the face of the pandemic, opportunity arises where AI algorithms have been improved and successfully sped up the time of predicting and studying the coronavirus's RNA secondary structure by 120 times. This has significantly reduced the waiting time for virus detectors. Meanwhile, Alibaba DAMO Academy has developed an enhanced AI algorithm which has shortened the genetic analysis of suspected cases from several hours to half an hour and could detect virus mutations accurately. These findings were presented at the World Economic Forum earlier in 2020.

Besides, cloud computing plays a big role during the pandemic. In relation to social distancing and lockdown measures, the demand for cloud-based video conferencing and online tutoring has increased significantly. Various cloud service vendors have actively upgraded their functions and provided resources to the users. For example, Coca-Cola has entered into a five-year agreement with Microsoft Corp to standardise its business operations on Microsoft's cloud. Judson Althoff, Executive Vice president, Worldwide Commercial Business, Microsoft, mentioned that the company, leveraging Dynamics 365, Microsoft 365 and Azure, would be able to level up its digital innovation. This is done through better connecting people through breakthrough productivity and powerful information management, which would drive continued business success over the next decade.

Singapore has positioned itself as a centre of innovation at the heart of the world's most dynamic economic region. Government agencies are proactively equipping companies in Singapore with resources. In the post Covid-19 world, businesses will be more dependent on AI and cloud computing to streamline decision-making process, connect to people internally and externally, and provide forward-looking intelligence to stakeholders in every function.



## **Technology to the rescue**

Blockchain and 5G smart applications are also in the limelight. Lianfei Technology launched the first Blockchain pandemic monitoring platform to track the real-time progress of Covid-19 in all provinces of China.

In business, blockchain is used to provide users with visibility and transparency into their supply chains. Blockchain creates a permanent audit trail along every link in the supply chain, which allows users to monitor factors such as quality control, performance benchmarks and worker standards. In a network of the blockchain, blocks of information provide a track of transactions which are cryptographically linked to previous blocks. It caters an immutable record of transactions that every user in the system can rely on because it can be independently audited.

With its immutability feature, fraudulent activities can be detected and prohibited. Its transparency aspect also allows users to download and view the immutable transactions. These features have resolved problems faced by most of the companies with lack of communication and segregation. Besides, it improves efficiency of companies with high volume of transactions, for instance, automotive, insurance, retailers and food and beverage sectors.

## **The technological landscape of the future**

The fact that an emergency hospital was built within 10 days in China was an achievement by technology. 5G high-definition live broadcasting of the construction of hospitals provides a real-time view of the construction sites on a 24-hour basis. Meanwhile, it also facilitates a “remote consultation platform” for medical experts from other provinces to work with each other through video connections and consultations.

In Singapore, Singtel and a joint venture by Starhub and M1 recently won bids to operate 5G networks across the country. In the post-Covid-19 world, 5G will be the new trend to transform industries and society. Companies, especially those would benefit from high-resolution, fast streaming video will certainly be affected.

Covid-19 has been a major driving force for digital transformation around the world. Today’s tech-savvy customers are demanding a frictionless, high quality and personalised experiences that businesses can only fulfil by embracing these digital tools and platforms. As such, businesses should start budgeting for technology upgrades in order to gain competitive advantage over their competitors.

Businesses have to maintain agility and develop strategy to plan for future business, market and operating environment.

*This article is adapted from a [version](#) that was first published on the BDO website in July 2020. ■*

SID Directors Conference 2020

# LIVING IN A COVID-19 WORLD:

A Singapore Perspective



## Changing the Climate to Change the Future in a Post Covid-19 World

By Esther An, Chief Sustainability Officer, CDL

As sustainability grows in importance around the world, especially in the face of the Covid-19 pandemic, City Developments Limited (CDL) demonstrates how companies with strong environmental, social and governance (ESG) strategies are more resilient and better positioned to recover from global economic downturns.

Climate and health emergencies are global crises that have devastating effects on people and economies around the world. Companies must rethink their priorities, take bold strides to achieve ambitious climate targets, and build long-term business resiliency.

In some ways, the Covid-19 crisis has become a test run for the sustainability agenda globally. ESG factors have been dominant considerations, as investors pivot to conscious investing, especially after the virus outbreak.

For instance, 14 out of 17 ESG-focused exchange-traded funds outperformed the S&P 500 from 1 January to 15 May 2020, according to S&P Global Market Intelligence. Allianz, Invesco and MSCI reported that their ESG portfolios outperformed non-sustainable peers in the recent market downturn.

BlackRock, the world's largest asset manager, revealed on 14 July 2020 that it punished 53 companies in its portfolio over climate inaction largely through voting against the re-elections of directors at annual general meetings. The asset manager also shared in a report that sustainability is core to value creation for its shareholders.

### Pillars of strength

Under new challenging business conditions, CDL's longstanding commitment to strategic ESG integration for over 25 years has proven that continual efforts in driving sustainable practices is not just the right thing to do, but also as good business.

CDL's strong track record in ESG performance is guided by its four key pillars of strategy – Integration, Innovation, Investment and Impact. This has enabled CDL to pioneer an ESG strategy that benefits the business, stakeholders, and the planet. The company is committed to upholding a high standard of corporate governance and business integrity in all its business activities, which is essential for the long-term sustainability of CDL's businesses and the enhancement of shareholders' value.

CDL's first pillar, integration, involves the creation of value based on its corporate ethos of "Conserving as We Construct" by integrating ESG holistically into its operations.

CDL is one of the earliest companies in Singapore to establish a dedicated sustainability governance structure. The creation of the position of Chief Sustainability Officer reporting directly to the Board Sustainability Committee (BSC) is recognition that CDL considers sustainability and its disclosure as part of a larger strategy formulation for long-term value creation. The BSC has direct advisory supervision on CDL's sustainability strategy, workplans and performance targets.

## **Strategic planning**

Over the years, CDL's sustainability report has evolved from being performance-focused into a strategic planning and communication tool.

CDL is the first Singapore company to publish a sustainability report using the Global Reporting Initiative (GRI) framework in 2008. It adopted the Integrated Reporting approach in 2015, which helped connect ESG practices with financial and business performance. In 2017, CDL set long-term ESG goals and targets towards 2030, as mapped out in the CDL Future Value 2030 Sustainability Blueprint. In the same year, CDL set up a dedicated sustainability website and started voluntarily publishing an online quarterly sustainability report that tracks and updates stakeholders of CDL's progress towards key goals and targets set under its Sustainability Blueprint.

CDL aligns its reporting with global leading sustainability benchmarks to help make stronger business sense of ESG integration and impact. It has created a unique blended sustainability reporting framework aligned with relevant global frameworks and guidelines, such as GRI Standards, International Integrated Reporting Council (IIRC), Taskforce on Climate-related Financial Disclosures (TCFD), Sustainable Development Goals (SDGs) and Sustainability Accounting Standards Board (SASB).

In the Singapore Governance Transparency Index 2020, CDL climbed to 3rd position from the previous year's 5th for upholding the highest standards of corporate governance.

Apart from risk mitigation, CDL has also adopted a proactive approach in risk adaptation by remaining committed to its second ESG pillar, innovation. It has helped strengthen the company's climate resilience through new technologies and solutions. Since 2017, innovation has been a top material ESG issue for CDL, based on multi-stakeholder materiality studies conducted biennially.

Innovative technologies and solutions have not only helped CDL raise productivity, it has boosted the environmental, health and safety performance of its projects.

Continued research and development are crucial to help businesses stay ahead of the curve. One such example is CDL's partnership with the National University of Singapore. The launch of the NUS-CDL Tropical Technologies Lab (2018) and Smart Green Home Lab (2019), has enabled research on smart features, green building technologies and designs for sustainable living.

## **Making an impact**

To make a real push towards a low-carbon economy, innovation and new technology must be supported by sustainable investments. CDL's strong ESG track record has reduced its long-term borrowing cost and expanded its pool of ESG-centric investors and lenders.

Since launching its pioneering green bond in 2017, which raised S\$100 million, CDL has continued to tap into sustainable financing. In April 2019, it secured S\$500 million in two green loans for the financing of new green developments domestically and abroad. In September 2019, CDL secured a first-of-its-kind S\$250 million SDG Innovation Loan, which aims to accelerate innovative solutions that embrace the SDGs in the built environment.

Building a sustainable future requires the collaboration of a larger ecosystem. The Singapore Sustainability Academy (SSA), designed and built by CDL, is the first ground-up initiative involving six government agencies and 15 founding industry and non-governmental organisations. The zero-energy facility in Singapore is dedicated to advocacy and thought leadership for climate action and the SDGs. Since its establishment in June 2017, the SSA has engaged over 14,500 attendees through more than 370 outreach events.

Furthering its community investment, CDL founded the "Incubator For SDGs" in September 2019 in partnership with UN Development Programme and Singapore Centre for Social Enterprises. It provides networking opportunities and rent-free co-working space at Republic Plaza to selected social enterprises that embrace the SDGs.

## **Sustainable cities and communities**

Sustainability is not only good for the planet; it creates positive impacts for businesses and communities. More than S\$28 million in cost savings were achieved between 2012 and 2019 as a result of energy-efficient initiatives across eight of CDL's commercial buildings.

CDL's low-carbon programmes have also resulted in a 38 per cent reduction in the intensity of carbon emissions in 2019 against 2007 levels. This puts the company on track to achieve its Science Based Targets initiative-validated target of 59 per cent by 2030 and its commitment towards UN Global Compact's Business Ambition for 1.5°C campaign.

CDL's track record of effective ESG integration has been widely recognised by 12 leading global sustainability ratings, including the 2020 Global 100 Most Sustainable Corporations in the World ranking, which saw CDL ranked top among listed real estate firms globally. CDL was also the only company in Southeast Asia and Hong Kong to score double A's in the 2019 CDP A List for corporate climate action and water security, as well as to secure AAA rating by MSCI ESG Research since 2010.

As awareness of climate change and sustainability continues to grow, the demand for sustainable business practices has never been more prevalent. Given the disruptions caused by the pandemic, businesses need to take greater action to build a larger ecosystem that is committed to changing the climate, for a more resilient future. ■

# SID Directors Conference 2020

# **LIVING IN A COVID-19 WORLD:**

## A Singapore Perspective



## **5G as a Force Multiplier of Enterprise Digital Transformation**

By Piyush Jain, Executive Director and Sarabjit Singh, Director of Monitor Deloitte in Southeast Asia.

2020 is the year 5G (the fifth-generation mobile network) goes mainstream.

In April, South Korea passed six million 5G subscribers with 10 per cent penetration, and about 25 per cent of all mobile traffic in South Korea is estimated to be on 5G networks. In China, 198,000 5G base stations were reportedly built, with the national mobile 5G subscriber base reaching 65 million by end of April. Within Southeast Asia, 5G licences were awarded in Thailand and Singapore in February and April respectively, and the Philippines already has commercial offers available in the market.

The key business case for 5G is the significant value creation expected from 5G adoption by enterprises – and the reduction in cost per bit on consumer applications, especially in dense urban areas. 5G will enhance existing services for enterprises, reinvigorating the core business and amplifying the competitive edge.

Key areas where this enhancement is happening include telemedicine (e.g. real-time data transfers and video consultations are performed to improve healthcare in remote areas in Wuhan, China) and virtual banking (e.g. smart virtual branches using 5G, 4K video and virtual reality are being explored by banks and telcos collaborating across various parts of the world).

### **A force multiplier for emerging technologies**

5G can be used to facilitate re-imagining and creation of a new ecosystem that will allow for product innovation, and new business models and revenue streams. For instance, manufacturers can leverage 5G-enabled augmented and/or virtual reality (AR/VR) functionalities on factory floors to innovate and enhance product design. 5G is also expected to help form new revenue streams for e-sports and mobile gaming, and help fuel the use of AR/VR in live sports stadiums.

A recent study conducted by Deloitte on advanced wireless adoption found that 86 per cent of networking executives believe that advanced wireless connectivity will transform their organisation within three years. More than eight in 10 executives believe that advanced wireless connectivity is “very important” or “extremely important” to their organisation’s ability to take full advantage of artificial intelligence (AI), edge computing, Internet of Things (IoT), cloud, and big data analytics.

Each of these technologies has enormous potential in its own right, and when combined with superfast 5G wireless networks, they have the power to enable digital transformation within enterprises. These combinations are currently explored across a wide range of use cases in different sectors. Here are examples related to aviation, transport and public healthcare sectors.

Edge computing boosts data analytics accuracy by providing the ability to analyse data closer to the location it is generated from. 5G and edge computing are complementary, and when paired up, enable real-time analysis.

As a case in point, Lufthansa Technik is reportedly partnering with a wireless service provider and device manufacturer to set up two private standalone 5G networks in aircraft hangars that provide reliable, high-bandwidth

coverage over large areas to support remote engine inspection and maintenance, as well as remote 3D interior cabin design using AR. As on-site mechanics inspect aircraft components, they can transmit large, data-rich images and live video, and collaborate on real-time changes with off-site engineers. In addition, the networks use multi-access edge computing to analyse sensitive proprietary data on premise in real time. Benefits include faster response times, enhanced security, and potentially lower costs.

AI, IoT and 5G can come together to make cities more efficient. Las Vegas is reportedly deploying a private 5G network to support smart city projects; for instance, connecting IoT sensors and cameras mounted to traffic light poles to better manage traffic flows at intersections. Images are sent to edge servers, where AI analyses them to determine volume, direction and flow of vehicles. The goal is to understand traffic patterns in real time, and adjust signal timing and digital signage to ease congestion. The aim is to achieve efficiency gains of up to 40 per cent.

As part of efforts to stop the spread of Covid-19, public healthcare authorities in China have widely deployed 5G and thermal imaging temperature monitoring systems in crowded places like airports, train stations and other transport locations. This use of 5G, coupled with AI and cloud, is expected to evolve into a more nuanced epidemic monitoring platform.

### **Call for action**

The next-generation wireless future is rapidly becoming a reality, and service providers and enterprises alike should decide how to participate in the evolving ecosystem.

It will be imperative for enterprises to answer the following key questions:

1. What benefits will 5G provide to the organisation? Does it make sense to be a market leader or a fast follower?
2. Which use cases should be prioritised? What are the investments to be made?
3. What should be the right balance and trajectory of experimentation versus scaling?
4. How should 5G be leveraged as a force multiplier for other emerging technology such as AI, cloud, IoT and edge computing?
5. Who are the key partners to bring on board? How should the relevant 5G ecosystem be developed with appropriate expertise in innovation, AI, IoT, cloud and edge computing?

For service providers, the key questions are:

1. How should 5G be leveraged to disrupt the competitive landscape, especially in new domains?
2. What will change in the life of my clients and how what value proposition should be developed in order to retain a fair share of the industry profit pool?
3. How should trust and influence be built with early adopters? How can they become a trusted partner for innovation and transformation?

Each generational advancement in wireless connectivity introduced new market entrants that disrupted traditional players and captured the bulk of incremental value creation. With 3G, device-makers displaced the carrier's lock on the end customer. With 4G, enterprise mobile apps and cloud platforms grabbed a significant share in a growing market, creating a whole new ecosystem of software players.

If history is a guide, 5G is poised to shake up the wireless ecosystem, particularly in the enterprise market, and participants should consider how they can capture and offer value in this new reality. ■

*This article is adapted with permission from an article titled "5G to enhance enterprise digital transformation" by the authors first published in The Business Times on 25 June 2020.*

# SID Directors Conference 2020

# **LIVING IN A COVID-19 WORLD:**

## A Singapore Perspective



## **How Boards can Strengthen Enterprise Focus on Cyber Security**

By Gerry Chng, Partner, Consulting, Ernst & Young Advisory

Covid-19 has transformed the business landscape dramatically, resulting in one of the most comprehensive telecommuting experiments across most industries, with relative success. Beyond working arrangements, many businesses have accelerated their digital transformation agendas during this period. Digitally enabled consumer behaviours are likely to remain as the world readjusts to changes in the way we live and work.

The acceleration of digital adoption and enablement across businesses and consumers means that cyber security risks would heighten in tandem. As companies accelerate the adoption of new technologies without adequate testing and rush to digitalise business processes to remain competitive, new threats and vulnerabilities might be introduced across the business.

### **Cyber security focus**

The multitude of business changes underpinned by technology presents a golden opportunity for companies to prioritise cyber security and privacy at the heart of their strategic plans for competitive advantage and differentiation. However, that may not always be the case in the pursuit of many competing commercial priorities.

In the *EY Global Information Security Survey (GISS) 2020* that included the participation of almost 1,300 cyber security leaders globally, 65 per cent of businesses only consider cyber security after it is too late. There has been a tendency to retrofit security tools around existing systems and tick items off compliance checklists, rather than build security into the business strategy and new initiatives based on risk calculations.

For cyber security teams to be strategic business enablers beyond mere defenders against risks, a strong mandate from the board is key. As directors with fiduciary responsibilities to stakeholders, boards need to adopt a baseline of cyber security good practices to safeguard the sustainability and viability of the company's increasing reliance on technology.

There are three areas where boards can drive a stronger strategic enterprise focus:

### **1. Commit to a closer working relationship between C-suite and cyber security**

To begin with, it is worth examining the working relationship between boards and the Chief Information Security Officer (CISO). At times, the value of cyber security – and the value that the cyber security function brings – can be underestimated because of the lack of rapport and visibility.

According to the GISS, 59 per cent of organisations said that the relationship between cyber security and the lines of business are at best neutral, to mistrustful or non-existent. This percentage increases to 74 per cent along the spectrum from compliance functions to those involved in innovation, product development and customer-facing activities.

Building a culture where cyber security is infused into strategic planning and thinking as a usual way of business appears to be a gap in organisations. Just 36 per cent of GISS respondents said that their cyber security team is

involved right from the start of a new initiative, as part of the planning process.

In this era of digital transformation where businesses are constantly revamping their products and initiatives are rolled out at breakneck speed, it is even more critical for cyber security to be an integral part of the product management team to manage potential vulnerabilities and threats from the planning stage. The security agenda should be integrated into transformation programmes from the get-go.

## **2. Establish cyber security's value in strategy**

Currently, cyber security is driven by defensive priorities rather than innovation and transformation. The GISS revealed that 77 per cent of new initiative spending focused on risk or compliance rather than opportunity, even though these objectives are not mutually exclusive.

Companies need to shift to a "Security by Design" approach, which advocates embedding risk thinking from the onset to enable innovation with confidence. Companies that embrace this approach will be more resilient and cumulatively spend less time detecting, repelling and resolving breaches, allowing reallocation of resources for more value-adding activities.

To be able to deliver business value, cyber security teams must also gain a deep understanding of the business to proactively anticipate new threats and recognise potential aggressors. The CISO must also be fluent in articulating the business and commercial impact of cyber security plans. Otherwise, this could be detrimental to the amount of resources and support secured and consequently, the ability of the cyber security function to deliver and maximise its true value to the organisation.

## **3. Enhance governance structure to be fit for purpose**

Boards are expected to provide the right level of oversight to ensure that management has introduced the commensurate level of measures to safeguard the business against ongoing and emerging cyber security threats.

The responsibility of cyber security management must extend beyond the conventional approach of leaving it solely to the technology department. To reflect this, the lines of reporting, budget control and accountability must be adjusted to reflect the role of cyber security at the heart of the enterprise. Once these are set, there must be alignment and agreement on the key performance indicators and key risk indicators for executive and board reporting.

With the increasing complexity of the cyber security landscape and threats to the business, boards without access to independent cyber security expertise may struggle to understand the full implications and impact of the cyber security threats on the organisation.

Boards can consider engaging external independent expertise on the subject either on an ad hoc or retainer basis to brief the board on select topics of interest, or to provide an independent view on select cyber security matters that is presented to the board.

Where third-party expertise may be inappropriate when discussing highly confidential matters, boards can consider including committee members with cyber security experience in the audit or risk committees, to take ownership of the first-level interactions with management on topics relating to cyber security or enterprise risks. With this structure, the audit or risk committee chairperson will be able to bring the relevant insights back to the full board for further deliberation.

To lead and remain relevant, businesses must seek to disrupt themselves, reinvent and transform. Transformation and digitalisation invariably bring increased risks, and boards will be increasingly expected to drive the tone at the top and challenge management to rethink conventional structures and approaches to cyber security. ■



# SID Directors Conference 2020

# **LIVING IN A COVID-19 WORLD:**

## A Singapore Perspective



## Living in a Digital World

By Louis Lim, Chief Operating Officer, Keppel Land

Technology, digitalisation and innovation are mission-critical enablers that have underpinned Keppel Group's strategy. Like most organisations in the mid-2010s, the Group grappled with a fast-changing world and an unprecedented rate of technological advancement. Businesses across sectors faced varying degrees of digital disruption and it was clear that paying lip service to a digital agenda and/or running ad hoc initiatives would no longer suffice. A concerted effort was necessary to equip Keppel with the skillset and mindset to manage and operate the Group's businesses in the digital realm.

### Digital agenda

At that time, Keppel had some 22 different Enterprise Resource Planning (ERP) systems to support the Group's portfolio of businesses, a result of myriad organic and inorganic moves over years. The management undertook a massive exercise to consolidate these into a single, digital spine running through the organisation, with multiple teams working tirelessly to plan and deliver its "OneERP" goal.

Concurrently, the organisation worked on installing mobile and web-based applications, such as Workday and Concur, to equip staff with tools to interface with systems more efficiently, conveniently and remotely. Robotics Process Automation helped reduce time spent on more menial, repetitive tasks. And the continuous expansion of data models enables superior data analyses, dashboard management and insight generation. This year, Keppel will complete an organisation-wide migration to Office365, offering access and capacity to fully leverage Microsoft's suite of productivity tools.

The investments Keppel placed behind its digital infrastructure, tools and training across the Group has proved timely. Keppel Land, for instance, started conducting regional video conferences using Webex since early 2019 and had, by year-end, onboarded its workforce onto Microsoft Teams in each country market. As Covid-19 swept the globe, triggering lockdowns first in China and subsequently across other markets, businesses were forced swiftly into the new normal of remote telecommuting.

### Remote telecommuting

With the infrastructure already in place, Keppel was able to pivot relatively seamlessly to a work-from-home model. Undeniably, lockdowns in different countries have been hugely disruptive to businesses. On the bright side, Keppel has managed to keep its operations going, engage effectively with its teams and recover from technical glitches and hiccups faced trialing new applications.

The pandemic has provided an unexpected impetus for Keppel to dramatically upskill its staff (many of whom shifted rapidly to self-help measures, instead of habitually relying on IT support). The Group has also accelerated the take-up of new tools such as DocuSign, for e-signing, and Teams Live Event, for webinars and webcasts.

The feedback has been positive. In a spot survey of almost 200 staff from different functions, business units and seniority levels across Keppel Group, 71 per cent said their productivity levels are at least no worse off, if not better, when comparing working from home versus working in the office. Three out of four respondents expressed confidence in actions taken by the company to respond to Covid-19, and a similar proportion felt well-supported by Keppel during the pandemic. Interestingly, 86 per cent said they preferred to work from home for at least half of their working hours.

Covid-19 has no doubt uprooted past routines and practices in terms of how people work, live, play and learn. Whilst the new paradigm remains elusive, one thing certain is that human habits die hard. The primal need for social interaction, entertainment and experiences will take people back to the urban spaces hollowed out by Covid-19. Hence, how to reinvent the built environment is a real and existential problem Keppel Land is finding solutions for, while confronting and looking beyond Covid-19.

## Looking beyond Covid-19

In 2018, Keppel Land embarked on a year-long asset enhancement initiative at Keppel Bay Tower to create a more inspiring and engaging working environment for employees and tenants. The company introduced smart and sustainable features into the building and its office spaces, adopting and experimenting with cutting-edge technologies like facial recognition and smart lighting.

Supported by a grant from the Building and Construction Authority to transform Keppel Bay Tower into a Super Low Energy building, Keppel conducted successful trials with energy-efficient air distribution, intelligent building control and photovoltaic panel systems, for example. Keppel also collaborated with technology partners like Envision to develop digital solutions for managing, visualising and acting on the deluge of data generated by the building; and Habitatp, to create digital interfaces for engaging with and providing services to building occupants.

Though there has been reasonable progress made on the digital front, Covid-19 has since raised the stakes unequivocally. Businesses have been forced to expedite pilots and trials and seek new solutions for when the workforce starts to return to offices as control measures are being lifted. For example, ongoing experiments to measure and manage Indoor Environmental Quality are being stepped up; a single facial scan to simultaneously verify identities, check temperatures and submit SafeEntry registrations is being introduced to facilitate contactless entry into buildings.

Similarly, there is a slew of new pain-points faced by users and customers of other real estate asset classes that have come to the fore. For example, what would a future mall look like, given the implosion of the traditional retail model, combined with the ongoing emphasis on safe management measures and fundamental changes in shopper behaviours and expectations? How will homes need to be configured differently to adapt to new lifestyles, and what would be the impact of 5G and Internet of Things? How might regulations and industry norms change for hospitality, student accommodations and dormitories going forward, and what technologies could support these operating models?

To address these pain-points, digital and technology will need to feature heavily. Greater breadth and depth will be required to sustain organisational relevance and resilience. On one hand, businesses need more platforms, more data and more applications to meet customers' evolving needs. On the other hand, there will be a step-change in risk management, from cyber attacks and data fraud or theft, to operational downtime and technology obsolescence.

## Agility and discipline

Culture is the lynchpin of any transformation; it is even more important with digitalisation, given the extent of change involved. Recognising the enormity of the task, Keppel Land has pushed hard to embed agility and experimentation. At the same time, strong discipline and accountability are necessary. Covid-19 has been a trial by fire, and a call to arms, for Keppel's digital ambition. If nothing else, it has affirmed the Group's commitment to build on the momentum gained to date.

Digital and technology acceptance, enablement and relevance have become table stakes for any company to survive. The digital natives who are now coming of age will make sure of that. But Covid-19 has created a new world order where digital adoption has now surged past the chasm, and technology is essential to support new preferences: how people choose to work, eat, shop, vacation; how businesses choose to manage supply chains, production, employee engagement, office spaces; the list goes on.

There is much at stake for companies across industries and geographies. Countless virtual boardroom and management discussions are taking place to prepare defensive actions, as well as to seize new opportunities. In pursuing these new business ideas, digital and technology competence will no doubt sieve out the winners. ■

# SID Directors Conference 2020

# LIVING IN A COVID-19 WORLD:

## A Singapore Perspective



## Strategy, Resilience, Social Responsibility

By Irving Low, Co-Head of Advisory, KPMG in Singapore

There are no silver linings in the crisis we face today – only lessons learned, some optimistic and all grounded in sober realism.

The rare confluence of seismic events – Covid-19, deep-seated social unrest in parts of the world, and a global recession – poses unique challenges for companies and their boards in the weeks, months, and even years ahead. Few companies, if any, will come through these challenges thinking or operating the same way as before. Every company's strategy, resilience, and responsiveness to its shareholders' and stakeholders' expectations will be put to the test.

Many directors and business leaders agree that the stakes are high. The world is at an inflection point and there is no playbook for many of the issues that companies are now grappling with. Boardroom leadership will be pivotal to the outcome.

### Corporate social responsibility redefined

While each of these events poses a unique set of challenges for business leaders and boards, they are interrelated in at least one important respect: the pandemic has emphasised the importance of social capital. The care and support of employees and communities are critical, and they put an even brighter spotlight on corporate social responsibility.

Indeed, the context for corporate performance has been changing rapidly. Consideration of the corporation's role in society is moving from the periphery to the centre of corporate thinking. Increasingly, investors, customers, employees, and other stakeholders are challenging companies to understand the total impact of the company's strategy and actions.

What is the company's role and responsibility in society? Are companies doing enough to make real and lasting changes? Are workers at every level valued as essential drivers of long-term corporate value? These questions have gained new urgency alongside the challenges of restarting and operating in a post Covid-19 environment.

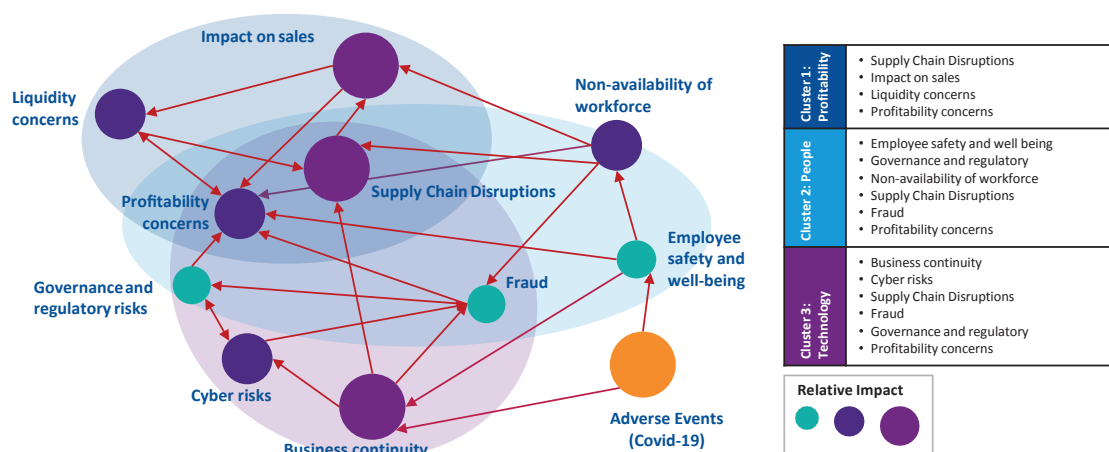
KPMG's research on how boards are addressing these crises reveal some major themes. They are highlighted here to help boards focus their oversight and calibrate their boardroom conversations in the weeks and months ahead.

- **In the near term (6–12 months), Covid-19 will continue to redefine business-as-usual for nearly all companies and their boards, regardless of industry, size, or geography.** Disruption, in the form of a global health crisis, has transformed the economic landscape. Previously, disruption had been associated with digital technologies and innovation. Leaders dealing with significant disruption and uncertainty will continue to grapple with how to reopen businesses. The implications of managing remote workforces, accelerating digital transformations, building more resilient supply chains, and strengthening connections with customers, are at the fore.
- **Boards are encouraging their management teams to plan now for the longer term (12–24 months) when companies will begin to recover.** Companies which did well during the crisis were agile and adaptable to fluid situations. Some even pivoted quickly and completely revamped their business models. As general anxiety eases, consumer demand will bounce back for many companies, and jobs will be restored or created. As the new reality

takes shape, it will be critical for leaders to understand the trajectory of the Covid-19 virus and the recovery path for the sector. Boards will have to be nimble, and have a vision for the new reality so they can assess their current positioning and adjust their strategies and business models to eventually thrive.

- **With the view becoming clearer in hindsight, boards are beginning to focus on gaps and areas for improvement revealed by the Covid-19 outbreak.** This crisis has put a spotlight on the gaps in operations and technical investments. Some of the hard lessons learned from this crisis have expedited digital transformation efforts and renewed a focus on people and their capabilities. From the company’s crisis readiness, enterprise risk management (ERM) processes and business continuity plans have been highlighted. Going forward, the board’s understanding of the company’s strategy and risk profile, and its working relationship with the CEO, will force boards to reassess critical issues and processes that impact the board’s effectiveness and the company’s governance and decision-making.
- **Boards and management should have a holistic view of the risk environment in which their organisation operates.** A single risk may trigger unintended consequences elsewhere in the overall risk environment. By using a network analysis of the identified risks, boards and management can identify “risk clusters” with cross dependencies and influences and mitigate threats in totality.

### Example of network analysis of risks



Source: KPMG

- **Boards are encouraging their management teams to consider the implications of Covid-19 for business and society more broadly.** Covid-19 epitomises the interdependent relationship a company has with the community it serves. It also highlights the importance and impact of key environmental, social, and governance (ESG) factors in contributing to the resilience of a business. What is the company’s purpose? What is its responsibility and commitment to each of its stakeholders – shareholders, employees, customers, supply chain, and the communities in which it operates? What ESG issues are critical to the company’s long-term success?

The last few months’ focus has been on managing through the immediate crisis and taking steps to ensure business continuity and resilience. As the dust settles, the opportunity now is to not only continue to focus on business continuity, but to work on what the future business model needs to look like to ensure they remain competitive on the other side of Covid-19.

There will be more low-probability/high-impact events such as extreme weather events, disease outbreaks and social unrest to come. Boards should encourage their organisations to adopt a scaleable crisis operating model and strengthen decision-making by sharing crisis-management experience.

This is a time for boards to reassess and make sustainable changes. ■

Adapted from an article by KPMG Board Leadership Center in the US.

SID Directors Conference 2020

# LIVING IN A COVID-19 WORLD:

A Singapore Perspective



## Addressing Uncertainties in Goodwill Impairment Model

By Ms Grace Lui, Director, Valuation & Transaction, Nexia TS

The compounding effects of the pandemic upon the global economy can cause ripples throughout an organisation. From finance and liquidity, workforce availability, demand and supply of its revenue drivers, down to operations and supply chains, the disruption of Covid-19 has impacted operating expenses and costs of functioning for businesses globally. These ripples can deliver long-sustaining impacts beyond the initial occurrence of the pandemic for an extended time period unknown and undeterminable.

### Cautionary measures

The million dollar question is: What are the cautionary measures to be exercised by management in their formulation of the goodwill impairment model? Should management regard this global pandemic as a one-off extraordinary event to be disregarded entirely in their financial projections?

Companies are still struggling to recover from the financial impacts from lockdowns and economic closures in countries and states. There is growing evidence that companies should exercise prudence in their approach towards preparing a well-rounded goodwill impairment assessment.

At each reporting date, a company is required to perform impairment assessment on goodwill, intangible assets with indefinite life as well as intangible assets not used as of reporting date in accordance with FRS 36 Impairment of Assets, irrespective of whether any impairment indicators exist.

The key requirement is the measurement of the recoverable amount of the asset or cash-generating unit (CGU) against the respective assets' carrying amount. The determination of the recoverable amount is achieved through the stringent documentation and measurement of, and relying on the higher of, the a) fair value less costs of disposal (FVLCD); and b) value in use (VIU):

	FVLCD	VIU
<b>Definition</b>	The amount obtainable from the sale of asset in an arm's length transaction between knowledgeable and willing parties, less costs of disposal, other than those that have been recognised as liabilities.	The sum of the present value of future cash flows expected to be derived from an asset or cash-generating unit.
<b>Perspective</b>	Market participant's perspective	Company's perspective
<b>Valuation approach</b>	1. Market approach 2. Income approach	1. Income approach

	FVLCOD	VIU
<b>Cash flow projections</b>	<ul style="list-style-type: none"> <li>Eliminate owner-specific synergies</li> <li>Adjust assumptions to be consistent from a market participant's perspective</li> <li>Include considerations for restructuring and/or investment enhancement, if applicable</li> </ul>	<ul style="list-style-type: none"> <li>Recognise synergies</li> <li>Disregard all effects from restructurings, if no provision in accordance with IAS 37 has been made</li> <li>Eliminate all effects from enhancing investments; only maintenance investments should be incorporated</li> </ul>
<b>Cost of Capital</b>	<ul style="list-style-type: none"> <li>Post-tax WACC from a market participant's perspective</li> <li>Reliance on information data extracted from comparable companies</li> </ul>	<ul style="list-style-type: none"> <li>IAS 36 requires applying a pre-tax discount rate. However in practice, a post-tax discount rate is used to derive a pre-tax discount rate</li> <li>Reliance on information data extracted from comparable companies</li> </ul>
<p>Rule of thumb: First estimate VIU; 1) where <math>CA &lt; VIU</math>, no need to determine FVLCOD, except where <math>CA &gt; VIU</math>, estimate FVLCOD (or vice versa).</p>		

A Nexia investigation into the impact of a post-Covid landscape has provided evidence of financial impact on value determination of many commercial assets, on both the FVLCOD and VIU fronts.

**A. FVLCOD key considerations:**

In the estimation of fair value of tangible and intangible assets as a measure of an orderly transaction between market participants, reference should be made to observable transactions performed at arm's length, where possible. Due in part to the economy having been cast into knee-deep uncertainty since the onset of the pandemic with stability of major financial markets yet to be achieved, big ticket transactions have mostly ground to a halt, with many observable transactions having been performed on a fire-sale basis, deviating from what would have been an orderly transaction.

When faced with the situation of unobservable inputs or limited data points, such reliance in itself will require greater investigation into the facts and circumstances of each transaction observed and available as at reporting date, before sound judgment can be applied to provide for adjustments, if required.

**B. VIU key considerations:**

The fundamental key inputs to developing financial models lay in carefully considered cash flow projections and appropriately-adjusted discount rates, supported by justifiable bases and assumptions provided for the explicit forecast period which accurately reflect the risks and uncertainty of the post-Covid economy as at the reporting date. Such discovery should be reflected in the cash flow projections with considerations made based on the industry, business and identifiable key operating drivers of the company or CGU.

A logical approach towards mitigating the risk of developing a cash flow projection model that does not reflect accurately the financial impact of the uncertain economic situation on the subject company, is to develop defined scenarios with alterations to critical variables affecting revenue and cost, based on defensible assumptions. Critical variables may include, but not limited to, market disruptive factors such as customers' willingness to pay for the same unit of good or service, efficiency of distribution systems and supply chains, workforce availability, and the level of adoption of digital technology.

A modest take towards integrating any outward economic disruptions into financial projections would be an estimation of the extent of uncertainty across scenarios, coupled with the corresponding theoretical execution time required for stabilisation of identified critical variables, and the critical analysis of how changes in such variables interplay with assumptions implied towards all other operational considerations.

Such defined scenario analysis should then allow for the identification of factors directly undermining liquidity or optimal functioning of the company, allowing for management to build their risk framework within the cash flows projections itself, thereby achieving a level of robustness while ensuring that the prospective financial information is defensible in itself. Probabilities applied to each defined scenario should provide perspective to the risks, concerns and circumstances if the company or CGU, casting visibility into key value drivers.

Where discount rates are concerned, arbitrary discount rate adjustments should be applied with caution, with additional consideration to be provided in arriving at adjusted inputs such as the capital structure of the company or CGU, which is known and expected as at the reporting date. A thorough review should be equally provided to other critical inputs including beta, cost of debt and cost of equity to reflect the increased risk for each defined scenario. A final analysis into the material differences between each of the defined scenarios based on the application of adjusted and non-adjusted discount rates should provide a supplementary review into the reasonableness of the various explicit cash flow projections prepared.

	<b>Defined scenarios</b>	<b>VIU</b>	<b>Probability</b>
<b>Scenario A</b>	Best case	1,000,000	20%
<b>Scenario B</b>	New normal	900,000	50%
<b>Scenario C</b>	Worst case	800,000	30%
<b>Probability-weighted VIU</b>		<b>890,000</b>	<b>100%</b>

As a cautionary measure, a proactive dialogue should be formed with auditors early in order to obtain proper directives and the approach to be taken when dealing with the appropriate and substantive assumptions used in the goodwill impairment evaluation process.

*This article is adapted from a version which first appeared in the Q2 2020 issue of Nexia Pulse. ■*

SID Directors Conference 2020

# LIVING IN A COVID-19 WORLD:

A Singapore Perspective



## Changing Dynamics of Talent and Workforce Management

By Greg Unsworth, Risk Assurance and Digital Business Leader, PwC Singapore

Covid-19 has significantly disrupted businesses, making it essential for organisations to act fast in adapting to new realities. In many cases, companies are even having to develop entirely new operating models and workplace processes to support them. The previous “good to have” capabilities are now arguably a “must have” for many organisations as they develop their workforce for the future.

Whilst this crisis has accelerated digital adoption and the development of a more agile, flexible workforce, it also presents an opportunity for organisations and leaders to bring the human element into greater focus. How leaders respond to this crisis now may determine an organisation’s resilience for years to come. Here are three areas of focus for leaders, to set their workforce up for success and enable a new focus on human capital development for the future.

### 1. Identify and empower the right digital skills

With Covid-19 accelerating digital transformation, there is a greater need for the right digital skills to support this transformation. Consequently, there has been more focus by many organisations on digital upskilling. This upskilling is going through a transition itself by shifting to more virtual delivery. While many Singaporeans are used to face-to-face learning in a classroom environment, e-learning presents opportunities for greater scale through virtual instructor-led training or on-demand self-paced e-learning and enablement.

Many companies are rolling out these comprehensive upskilling programs for their teams covering the fundamentals around topics such as data and analytics, automation, artificial intelligence and blockchain to name a few. Whilst the “hard” technical and digital skills are definitely important, it is the “softer” human leadership, creative and collaborative skills that will be even more essential to see organisations through the current challenges.

PwC, for instance, has rolled out a comprehensive upskilling programme for all its employees that address digital fundamentals, such as data analytics, data visualisation and automation. The group also has e-learning opportunities which go beyond, covering development of skills around agile learning, design thinking, change management, storytelling as well as leadership capability. Whilst technology will be able to undertake more tasks in future with less intervention, it is not possible to replace these valuable human traits.

### 2. Workplace of the future

Covid-19 has disrupted the traditional cycles of attracting, developing and retaining talent and workforce management. Work requisites and human capital processes as we know them have changed – some permanently. Of course, the remote workforce of the future brings new challenges for leaders to navigate, including remote onboarding; virtual team engagement; morale check-ins; enabling work-life balance; and ensuring satisfactory work from home facilities. Human capital processes need to be updated to reflect the dynamic requirements of a more virtual workforce. This starts right from talent acquisition, through onboarding, development, retention to performance management, culture, people engagement and supporting diversity and inclusion.

Many employees are embracing this workplace of the future, especially as it nurtures a more inclusive environment for colleagues who are care-givers or have special needs. Employees across many organisations are strongly in favour



of maintaining work-from-home arrangements as a core component of their future working model even post Covid-19. Business leaders will need to embrace this new normal of a more agile, flexible and remote workforce if they wish to keep their teams engaged and motivated.

### **3. Building a virtual team culture**

To support this work-from-home model, there is also a stronger need to build company culture virtually and facilitate a shift in the role that the physical workspace will continue to play. There is a need for leaders to rethink workforce strategies and reinvent how best to create a sense of belonging and inclusivity. Some of the key enablers for leaders to foster a successful remote working culture include:

- Building and maintaining a human commitment and connection with the team.
- Defining what “new ways of working” look like, and establishing best managerial practices for the virtual workforce.
- Updating core human capital processes to reflect the dynamic requirements of a virtual workforce.
- Providing a robust technology backbone and suite of virtual tools to enhance productivity.

Some of the ways these principles can be put in action include a “virtual pantry”, online exercise classes and virtual team lunches with the aim of fostering human connection.

At PwC, traditional standard operating procedures have been refreshed to support remote working. Frequent communications from the leadership keep people updated on firmwide strategy and response to new developments. Underpinning all of these are technological tools which have enabled real-time digital interactions and streamlined remote operations.

As employees look to their leaders for direction and confidence in these uncertain times, it is increasingly important to not just respond to the current crisis but to take the opportunity to plan for the future. There are many opportunities for organisations to take bold steps now that will ensure business resilience for the future.

Enabling a more agile, flexible workforce may be the best thing many organisations can do to help them thrive in the future economy. ■

# SID Directors Conference 2020

## LIVING IN A COVID-19 WORLD:

### A Singapore Perspective



## Technology and Digital Transformation

By Rajesh Sreenivasan, Head, Technology, Media & Telecommunications, Rajah & Tann Singapore LLP

Covid-19 has accelerated the digitalisation process for many organisations, necessitating telecommuting and using technology to enable working-from-home on an unprecedented scale. For Rajah & Tann Asia, the digitalisation journey was well underway by the time Covid-19 struck.

### Reviewing internal processes and workflows

With 800 fee-earners spanning across member firms located in 10 countries, the company set out on its information technology (IT) “DNA” project, based on the following framework:

**Device:** Allowing interface between software systems and external systems.

**Network:** Setting standards to provide for connectivity and interconnectivity, and having dedicated data storage solutions.

**Applications:** Standardising applicable software applications that will support the company network.

A cross-border technical team worked together to conduct a complete study of IT support functions across Rajah & Tann Asia member firms. They proposed a road map for the unification of baseline standards for technical and administrative support functions. Stakeholder approvals on financial, legal and technical compliance were obtained at various levels.

This enabled the group to address issues concerning security, data access control, hardware infrastructure, software applications and firm policies across the 10 countries in which the firm has a presence. Adopting this holistic approach allows for uniformity and deeper collaboration between member firms.

### Rethinking external service delivery

The company’s digitalisation journey was not only confined to an internal review of existing workflows, systems, structures and processes to achieve deeper technological integration. The exercise also required a redesign of the firm’s legal services delivery model and a reassessment of how to better provide service access to clients.

As clients deepen their internal legal resources and capabilities, they increasingly require not just legal advice, but holistic business solutions. Rajah & Tann Technologies (RTTech), the group’s digital arm, was launched in 2018 to transform the way the firm delivers legal services in the digital economy. Through RTTech, the company offers a suite of technology-enabled legal solutions to clients.

These legal solutions include electronic discovery and digital forensics (LegalComet), cybersecurity, data breach readiness and response (Rajah & Tann Cybersecurity), e-learning academy (Novusdemia), contract automation (ReadyDocs) and contract lifecycle management (ContractArc). The solutions seek to complement, amplify and collectively revolutionise the way Rajah & Tann Asia provides its legal services, to help clients address their business problems by leveraging the multi-disciplinary team and tech-enabled legal solutions.

The company has since transformed how it delivers legal services to its clients. For example, with ReadyDocs and ContractArc, clients can internally initiate the creation process for contracts and other legal documents, without having to outsource them to a law firm, except when absolutely necessary. This helps the client save cost and time. The Law

as a Service platforms are available to clients 24/7 through secured cloud platforms. At the same time, clients can still seek bespoke legal assistance or advice on the legal documents that have been created.

## **Using technological tools to engage the new normal**

As part of Rajah & Tann Asia's digitalisation journey, the following technological solutions were already in operation before the onset of the pandemic:

- NetDocuments, for document management, which integrates seamlessly with Office 365 and embraces the use of Microsoft Teams across several workstreams as a collaboration platform.
- Softphones and interactive TV with video conferencing facilities in all meeting rooms were introduced at the firm's new office premises during its relocation, to enhance collaboration.
- RTA Apps, a cloud-based solution, was developed to allow staff to carry out various backend functions online, from meeting room bookings, to opening files, to billings and claims processes, to HR appraisals.
- Aderant's On-the-Go Time mobile application was adopted to allow members to enter, review or edit time entries anytime, from anywhere.
- Since January 2020, fee earners (including lawyers and consultants) were allowed to work from home to enhance work culture and overall well-being.
- In February 2020, the Reach Platform (powered by Apache Guacamole), a remote desktop solution, was also rolled out to secretaries and support staff to allow them to access their office computers from home.

When movement and travel restrictions in response to Covid-19 kicked in, the necessary infrastructure and processes for effective telecommuting were already in place. As a result, the group was well poised to swiftly transition into a full-telecommuting mode of work, and continue business in full compliance with work-from-home requirements.

On the international stage, Rajah & Tann Asia has partnered international law firms Cooley and CMS to invest in, co-develop and incubate "Lupl", the world's first open industry platform for the legal sector. Lupl is a technology-agnostic platform which gives users a one-stop unified view of documents, calendars, emails, and other communications without requiring the adoption of new technological tools or overhauling of existing technological infrastructures. The goal is for Lupl to become the legal industry standard platform to unify communication, collaboration and coordination between lawyers and clients.

## **Future-ready approach**

No one could have foreseen the onset of Covid-19 or the socioeconomic costs. However, because of early adoption of technology by the firm, Rajah & Tann Asia has been able to effectively leverage the flexibility and connectivity that digitalisation brings to ensure minimal operational disruption by the workflow changes necessitated by Covid-19.

Even if a cure is eventually found for the coronavirus, this episode has taught us that digitalisation of the business place is no longer optional or "good to have". It is indeed a must in adapting rapidly to the changing workplace needs. What is clear is that the process of transformation is an ongoing journey.

Organisations must see the investment in digitalisation as a constant journey of change and not as a one-off exercise. This realisation is key to overcoming the challenges that the organisation will face in the transformed and constantly evolving workplace today and in the coming years. ■

# SID Directors Conference 2020

# **LIVING IN A COVID-19 WORLD:**

## A Singapore Perspective



## **Corporate Governance Amid Covid-19**

By Michael Tang, Head of Listing Policy and Product Admission, SGX RegCo

Covid-19 has immensely affected our lives. The breadth and depth of its effects are unprecedented, being global in nature and resulting in drastic actions taken by many countries. Naturally, businesses are also deeply affected, having to adapt to disruptions to their operations and changes to demands for their products or services.

Senior management of companies have a critical part in dealing with the challenges at the frontline. At the same time, boards of directors also play an important role in steering companies through this pandemic.

How should boards consider their role amid Covid-19?

### **Code of Corporate Governance**

The Code of Corporate Governance (Code), the latest iteration of which was issued in 2018, provides a framework to consider the key tenets of good corporate governance. The Code sets out 13 principles across five pillars, namely: (1) board matters, (2) remuneration matters, (3) accountability and audit, (4) shareholder rights and engagement, and (5) managing stakeholder relationships.

Companies which have adopted best practices in corporate governance will find themselves better organised to cope with myriad facets of the crisis. This article contextualises such practices during these difficult times.

### **BOARD MATTERS**

There are two sets of considerations under the first pillar of board matters. The first set revolves around the board's functions and conduct of affairs, while the second set revolves around its composition and structure.

#### **Board functions and conduct of affairs**

Boards would need to review current arrangements for information flow and decision-making to ensure that they remain suitable to handle the Covid-19 situation. More critically, as part of its mandate, boards should consider if the company's business model needs a reevaluation.

#### ***Getting complete, adequate and timely information***

To perform their role effectively, boards need to get current and updated information from management. The Covid-19 situation evolves rapidly. Lockdowns may be instituted at short notice, and businesses forced to cease operations. Boards should reassess how frequently they are updated by management, and the matters which are escalated to them. Robust systems must be put in place so they are promptly alerted of changes to the issuer's business and financial condition.

Boards also need to stay nimble and be ready to convene to decide on matters as and when they arise. While it is important to get complete information, boards must recognise that some information may not be readily available. They face the unenviable task of balancing the need for adequate data versus the need for speed.

### ***Dedicated crisis response team***

It may be useful to set up a dedicated crisis response team. This team should monitor developments, disseminate information internally and coordinate action within the organisation. Material matters are then escalated to the board for information or decision-making. Companies that have instituted business continuity plans can leverage on those arrangements.

While the composition of each team would depend on the business, the following functions would likely be required: (i) business operations, which would be close to the ground (ii) regulatory and legal, to assess any implications from new governmental measures and of the company's response (iii) public relations, to communicate effectively with the public, and (iv) human resources, which is particularly important given potential impact on employees.

### ***Reevaluation of the business model***

Corporate boards have the dual role of setting the strategic direction for the company, as well as directing the company's approach to governance. In other words, boards have the twin responsibilities for performance and conformance.

The pandemic has intertwined these roles – complying with prevailing lockdown and other health and safety measures, while delivering business outcomes at the same time. These are two sides of the same coin.

Covid-19 has given pause to relook at business fundamentals. Social distancing means business cannot proceed as usual, in every part of the business line from production to sales to distribution. To cope with these immediate disruptions, companies have had to move activities online wherever possible. The fear of digital disruption became a digital evolution driven by necessity. Covid-19 has accelerated the urgency to keep pace with technological advancement.

More fundamentally, boards need to think through some deeper issues. Are the effects of Covid-19 just an aberration, or will they continue into the future? If the changes are here to stay, what structural or strategic adaptations must the company make in order to survive? In this regard, boards must critically examine the business model for the new economy.

### ***Board composition and structure***

One of the key thrusts of the 2018 amendments to the Code was done in the belief that a well-constituted board fosters more complete discussions, leads to better decisions and enhances business performance.

The proper composition of the board cannot be achieved overnight and is a multi-year endeavour. Companies that have focused on the collective skillset and experience of their boards would be in a good position to ride through any future crisis.

### ***Independent directors***

Recommendations from the review of the 2018 Code have enhanced the independence element of boards. For example, independent directors who have served more than nine years on boards must subject their independence to a two-tier shareholder vote. One-third of the board must be independent. The Code also recommends that the majority of the board should consist of non-executive directors.

Taken together, the recommendations reinforce the separate and distinct roles for management and board. While the management and executive directors are focused on the day-to-day running of the business, the role of the board is to provide direction to the company. There is value in having a non-executive board that is not consumed by the day-to-day firefighting, to think through strategic issues.

## **Diversity**

Another area of enhancement in the 2018 Code is to validate the importance of diversity on boards. We all have different life experiences and go through life in different social constructs, which condition our perspectives. Boards today typically value members with technical “nuts-and-bolts” operating experience in the same industry.

However, there is value in having different skillsets and expertise on board in order to problem-solve. Diversity in thought allows boards to consider issues more holistically and creatively, which is important given the various emerging trends and business disruptions that may come up from time to time, such as Covid-19. For example, having board members with political or geopolitical savvy could allow the company to navigate what is essentially a global crisis.

## **REMUNERATION MATTERS**

The key change in the 2018 Code is an emphasis on the linkage between remuneration and value creation. Companies should decide on what is “value creation” for stakeholders, and how it can be measured, in financial metrics (for example, earnings per share, total shareholder return) or non-financial metrics (for example, customer satisfaction, safety record).

The sudden downturn deeply affects businesses, which also means that staff are not able to meet their key performance indicators planned earlier in their annual budget. A formulaic application of the remuneration policy which does not take into account Covid-19 may not work. When boards and Remuneration Committees (RCs) exercise discretion on remuneration, the Practice Guidance to the Code recommends disclosure.

In making their determination, boards and RCs should consider whether the impact of Covid-19 can be isolated from other factors affecting performance. It should also consider management’s response to deal with the crisis, for example in terms of ensuring supply chain continuity, efforts to diversify revenues or to manage risks.

Boards and RCs should also consider if targets should be revised retrospectively or if new metrics should be set. Different treatment for different employee segments (for example, key management versus rank-and-file employees) may also be justified.

## **ACCOUNTABILITY AND AUDIT**

It is imperative that shareholders are kept informed of the impacts on the financial performance of companies. Doing so enhances confidence that the board is on top of things and managing the risks to safeguard the interests of the company and its shareholders.

SGX RegCo has provided guidance on certain items which may require timely disclosure during this period. These matters include the impact of Covid-19 on the issuer’s operations, earning prospects, liquidity and balance sheet. Significant threats to the continued viability of the company as a going concern should also be flagged out as soon as the board becomes aware.

## **Fraud**

Crises increase the propensity for wrongdoing. The “fraud triangle”, or the elements that contribute to increased fraud risk, are (1) opportunity, (2) pressure, and (3) rationalisation. Covid-19 may push those exposed to its adverse financial impacts to seek out and exploit loopholes that exist.

SGX RegCo has also issued guidance recommending that boards and auditors heighten their vigilance on the issuer’s financials, including undertaking a review of the effectiveness of internal controls and placing close scrutiny on high-risk areas such as cash balances and accounts receivables. Companies should also keep watch over the onboarding of new suppliers when diversifying their supply chain amid Covid-19, to ensure proper due diligence over their identity and reliability.

## **Asset Valuation**

When preparing interim or full year financial statements, boards should ensure that the financial statements are reliable and gives an accurate picture of the state of affairs as at the reporting date.

SGX RegCo has underscored the importance of ensuring that asset valuations are appropriately reported. For example, are there any indications that assets should be impaired? Do fair value models reflect current market conditions? Are assumptions realistic? While uncertainties brought on by Covid-19 require the exercise of significant judgements and estimates, boards should use their best endeavours to question the appropriateness of key assumptions used in asset valuation.

## **SHAREHOLDER RIGHTS AND ENGAGEMENT**

As much as boards and management are grappling with the uncertainties, shareholders are also looking for answers. Many of them may have seen their investments affected by the increased volatility, and are anxious to know how the company is doing.

Companies need to inform shareholders immediately of any material developments or events that may influence shareholders' investment decisions. Periodically, companies must also update shareholders on financial performance and operational or other business metrics that would be relevant to their business.

With the shift to a risk-based quarterly reporting regime, companies now have more time to consider longer-term strategic issues. They can think through the challenges posed by Covid-19, and their responses. The annual report is a good place to demonstrate to shareholders how boards have analysed these issues and to chart the path forward.

## **MANAGING STAKEHOLDER RELATIONSHIPS**

Recognising the importance of other stakeholders in the success of a company, the Code introduced a new principle on managing stakeholder relationships. It extolls boards to adopt an inclusive approach to balance the needs and interests of material stakeholders, to ensure that the best interests of the company are served.

SGX RegCo has provided guidance on the key areas of concern for the material stakeholder groups, including employees, customers, suppliers and the community.

For example, the health and safety of all employees have taken on added importance amid the pandemic. Many companies have embarked on cost-cutting measures, and have considered pay freeze or pay cuts, and in some cases even retrenchment. How companies communicate these measures to employees, and the support given to employees to navigate through this process (for example, through reskilling), would be critical.

Customers are also affected by Covid-19 and may face financial difficulty, yet still require the company's goods and services. Supply chains may be disrupted and new sources need to be found. Beyond the immediate value chain, the wider community is also suffering.

How is the company navigating through its different relationships? Each stakeholder is affected in a different way and the company's response and engagement will determine its survival during the crisis and beyond.

## **CONCLUSION**

Just as the principles of good corporate governance remain the same, so too the role of the board. While there is no playbook to navigate through Covid-19, companies should continue to embrace the key tenets of good governance such as accountability, transparency and sustainability. Boards can provide the necessary stewardship towards achieving corporate goals, putting in place effective strategies and policies to steer the company forward. After all, a well-governed company stands the best chance of success. ■

# SID Directors Conference 2020

# **LIVING IN A COVID-19 WORLD:**

## A Singapore Perspective



## **Using Data that is Right by the Customer**

By Richard Lowe, Chief Data Officer, United Overseas Bank

Data is the rails on which the digital economy runs. As we become more digital-focused in more areas of our lives, the proliferation of data being generated and data being stored will only continue to grow. In the digital economy, how we build our data network and use data will shape us as a person, as a business and as a society.

As digitalisation impacts every aspect of the way we live and work, the traditional silos of data usage and storage will continue to be broken down. Take, for example, the data we generate when we track our exercise and steps or when we log our calorie intake. We can choose to share these same sets of data with a variety of third-parties, from health and wellness apps, to our doctors, our insurers and many others who then use it to provide us with personalised products and services.

In ASEAN, we are still at the early stages of our data journey. We have the opportunity to start the journey on the right footing by championing a common set of principles on how industries can use data responsibly. These principles should be the standard that guides companies as they balance data-driven customer innovation with ethics.

As part of the ethical use of data, it is important that each industry sets up a body that looks specifically at ensuring the responsible and sustainable use of it. Data ethics can be broadly categorised into three areas – the use of data is consistent with human rights, aligns with the laws of the relevant jurisdictions and upholds the trust that customers place in industry players.

### **Charting the grey areas**

What is the ethical and responsible way of using data for businesses? This question alone is more complex than it may seem at first glance and that is why it is important for organisations to come together and agree on a set of data principles and standards to be held accountable for.

For example, in the area of credit assessment for financial institutions, some may argue that certain socioeconomic data sets such as residential addresses should be excluded from credit scoring models as this could lead to unintended and unintentional bias.

However, discouraging the use of such relevant and impactful data sets without due consideration and discussion may lead to unintended consequences such as overextending credit to customers who may not be able to repay the debt which then leads to emotional, mental and fiscal stress on the customer. This goes against Fair Dealing guidelines under which financial institutions must ensure that they are acting in their customers' best interest and offer financial solutions such as an appropriate credit line that best meet customers' needs and overall wellbeing.

### **People are the drivers behind data analytics and AI**

As organisations use data analytics and artificial intelligence (AI) for business, it is important to keep in view the reason for doing so – to benefit people. Whether using AI to serve customers better or to enhance work processes so that employees can do more and do better, technology should be an enabler for people.

When customer data is being used to build data models, having customer-centricity in mind will ensure that their interests and privacy are protected. Businesses must be transparent. Organisations must show customers that their



data governance, policies and process meet and even go above and beyond the laws of the jurisdictions in which they reside.

### **Captains of industries lead by example**

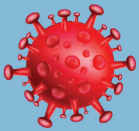
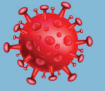
Because data is used across businesses and purposes, companies must link arms with others in the industry to ensure that there is a common standard for businesses to use data that protects human and consumer rights and society more broadly.

The Monetary Authority of Singapore has created a framework for financial institutions to promote the responsible adoption of AI and data analytics, the Veritas Consortium. UOB is among the founding members of this group which aims to develop a framework to which all in the industry can refer, to ensure fairness, ethics, accountability and transparency in the use of AI and data analytics in finance.

The Veritas Consortium is a good example of how industries and regulators can partner to ensure they have the right foundation upon which their data-driven initiatives are built. There are also many similar initiatives around the world that are government-led or industry-led. Companies should take the lead in championing the ethical use of data, even if there is no regulatory push.

Doing right by customers through the ethical use of data is the responsible and sustainable way to do business. ■

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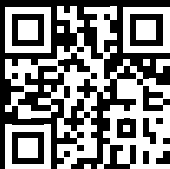
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# Some Questions to ask in a Pandemic



**Risk Management**

Have you examined how COVID-19 is disrupting your business model? Have you taken proactive steps to manage strategic and operation risks from this pandemic?



**Valuation**

Have you started to assess the impact COVID-19 has on your asset value and earnings? How has this affected your current debt covenants and other financial matrix obligations?



**Defensive Litigation**

Are you likely to get into contractual disputes with your stakeholders? Have you taken defensive litigation measures to reduce the risk of a costly legal suit or arbitration proceedings?



**Cash flow Management**

Have you assessed your liquidity requirements over the next 24 months? Have you taken adequate measures to ensure you have sufficient liquidity to survive this pandemic?



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**Ms Indraneel Rajah**, our distinguished guests,  
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