

SINGAPORE GOVERNANCE AND TRANSPARENCY FORUM

4 AUGUST 2020

Opening Address by Su-Yen Wong, Chairman, Singapore Institute of Directors

CORPORATE GOVERNANCE BEYOND THE PANDEMIC

Welcome

Guest of Honour, Mr Tan Boon Gin
Distinguished guests, ladies and gentlemen,

Good morning and a warm welcome to the second virtual Singapore Governance and Transparency Forum.

This conference has been a mainstay of the corporate governance calendar for over a decade, and I am delighted that so many of you have signed up to attend today's virtual conference. Thank you for joining us.

Our sincere thanks to our Guest of Honour, Mr. Tan Boon Gin, for gracing the occasion.

Corporate Governance Beyond the Pandemic

Mother Theresa once said, "Honesty and transparency make you vulnerable. Be honest and transparent anyway."

Her remarks were not made in the context of corporate governance, but they could well have been. Let me explain.

The pandemic has been a huge jolt to the system. Some would describe it as a wake-up call. It has highlighted risks in supply chains. It has cast a spotlight on geopolitical uncertainties. It has forced our digitisation agenda to go into overdrive. It has compelled us to focus on the health and welfare of our people. It has reminded us of our interconnectedness.

Against this backdrop, stakeholders - be they regulators, shareholders, customers, or employees - are demanding that businesses and leaders hold themselves to a higher standard, and take accountability for the broader ramifications of actions that they take.

Corporate governance is ultimately about conformance **and** performance. Far from being a check the box exercise, it's about ensuring **sustainability** - from

the standpoint of all stakeholders. Businesses operate in a complex ecosystem, and decisions made have a ripple effect throughout society.

Whereas in earlier times, the prevailing tendency might have been to showcase the glitter, today, there is an expectation that companies will be honest and transparent about the grit. In this context, disclosures and good governance practices take on a greater significance than ever before.

Make no mistake, many businesses are in pain, and many livelihoods have been affected. The disruptive and challenging business environment notwithstanding, strong leadership and robust corporate governance processes are key to a company's ability to survive, transform, and position itself for the future. It is thus appropriate that the theme of this year's Forum is Corporate Governance Beyond the Pandemic.

The Singapore Governance and Transparency Index (SGTI)

The SGTI is a collaboration between CPA Australia, NUS Business School's Centre for Governance and Sustainability, and the Singapore Institute of Directors.

The annual index assesses and ranks companies on their corporate governance disclosure and practices, as well as the timeliness, accessibility and transparency of their financial results announcements.

To put things into perspective, in 2009 when the predecessor Governance and Transparency Index, or GTI, was first launched, the mean score was just 33.9 out of a maximum base score of 100. This indicated that on the whole, companies were simply complying with the bare minimum in the code.

This year, the mean score has more than doubled to 68.7 which is testament to the importance placed by our companies on good corporate governance practices. Is there more work to be done? Absolutely. But let us also take a moment to reflect on how far we have come. And then let us challenge ourselves to do even better.

The Road Ahead

Allow me to share a few other highlights from this year's study.

First, and most pleasing to see, is that the annual scores achieved by Singapore-listed companies have continued to increase. Furthermore, the scores for real estate investment trusts (REITs) and business trusts have likewise edged up in the fifth year that this group has been assessed.

Second, it's encouraging to see that 56.1 per cent of companies disclosed their board of directors' diversity policy, compared to 48.9 per cent in 2020. This demonstrates that a growing number of companies have put in place policies to widen the range of skillsets and knowledge of their directors.

Having said that, I should also point out that since the revision of the Code of Corporate Governance in 2018, all Singapore publicly-listed companies are required to adopt a "comply or explain" approach to disclosing their board diversity policy (including gender and age). So while progress has been made, there is significant room for improvement.

The pandemic has upended business models, and forced us to challenge long-held assumptions. Many tried and tested methods are no longer relevant as the Fourth Industrial Revolution intersects with the pandemic. In this fast evolving environment, good corporate governance requires new perspectives, as well as a board culture that fosters open discussion.

As Tim Berners-Lee, inventor of the World Wide Web, aptly put it, "We need diversity of thought in the world to face the new challenges."

Professor Lawrence Loh from CGS will share more details in his presentation shortly.

Conclusion

Today, we will be announcing Singapore's most well-governed and transparent companies as well as the winner in the REITs and Business Trusts category.

I want to also highlight that the top ranked companies in each category are in industries that have been severely affected by the pandemic. This should serve as inspiration to us all - good corporate governance is about consistency. It's about commitment to being transparent and accountable to all stakeholders in spite of adversity.

My heartiest congratulations to all the winners of SGTI 2021. Keep raising the bar for strong governance, for yourselves, and for everyone else.

Sincere thanks to our partners – the Centre for Governance and Sustainability at NUS, and CPA Australia - who have supported this governance journey unwaveringly since the inception of the index.

I also want to thank our esteemed panellists – Mr Boon Swan Foo, Ms Fang Eu-Lin, Ms Euleen Goh, Mr Uantchern Loh, and Ms June Sim for so generously sharing their insights with us.

I am looking forward to what promises to be an engaging discussion on how listed companies can continue to ensure a high standard of governance and in so doing, build a sustainable future beyond the pandemic.

Last but not least, to everyone joining us this morning, we hope you will leave this session inspired to keep forging ahead in support of good governance.

Thank you.