

“Advancing Our Corporate Governance Journey – Looking Inward, Outward, And Forward” – Remarks By Mr Lim Tuang Lee, Assistant Managing Director (Capital Markets), Monetary Authority of Singapore, at the Singapore Governance And Transparency Index Forum 2025 on 13 August 2025

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Ladies and Gentlemen,

1. Good morning. I am delighted to join you at the SGTI forum this morning. I would like to congratulate the award winners, who have led by example, in our collective effort towards good corporate governance.

2. The theme for this forum – "Good Governance for Vibrant Capital Markets" – is very timely.

a. We find ourselves navigating geopolitical tensions and potential global economic fragmentation.

b. We see escalating tariff disputes, stringent investment controls, and the landscape has become more uncertain.

c. In this uncertain climate, investors are now recalibrating their investment and strategic decisions.

3. Amid this environment, as investors reassess risks in the horizon, there is an opportunity for Singapore to differentiate ourselves in these choppy waters. You would have been aware of the work that has been undertaken by the Equities Market Review Group, chaired by the Deputy Chairman of MAS, to comprehensively review our equities market. Let me touch on a few points to set the context.

a. In performing this review, we acknowledge that there is no simple solution. Meaningful progress requires sustained, coordinated effort across multiple fronts. We have therefore adopted a multi-pronged strategy, and are looking at a suite of factors, which include demand and supply-side elements, as well as regulatory adjustments.

b. That said, while there may be no silver bullet, there is one thing that will help give us a better chance of success – and that is good and strong corporate governance.

4. We have come a long way on our corporate governance journey, and we need to continue advancing even as we face the more challenging climate ahead. Let me use the analogy of a ship, as it sets sail, to illustrate how companies can, through good corporate governance, steer through the turbulent waters ahead. I propose examining this through three lenses – looking inward, looking outward, and looking forward.

a. First, looking inward by steering the ship with integrity and forming the right leadership team.

b. Second, looking outward by building trust and engaging stakeholders effectively.

c. And finally, looking forward, by looking for new opportunities to grow as we navigate the new landscape ahead.

Looking Inward

5. To handle the challenges ahead, it is important to build the right team with the required skillset. Just like sailing a boat requires different members to work as a team and perform different roles (for example - the captain/skipper, helmsman, trimmer, bowman and navigator), boards need to look inward to assess their own effectiveness and whether they have the right mix of people.

a. It is no coincidence that both the CG Code and the SGTI have Board Matters and Board Responsibilities as a first pillar. The boardroom is where the tone and standards for the entire company are set.

b. I would like to touch on two aspects which are critical to board effectiveness and also often mentioned in CG assessments like the SGTI – director independence and board diversity.

6. First on director independence. Independent directors serve as champions of accountability for board decision-making. They play a crucial role in ensuring minority shareholders' interests are protected. That is why we have tightened the independent director criteria over the years, moving from a “comply or explain” provision to what we have today, such that directors serving beyond nine years are no longer deemed independent.

7. Nevertheless, while the independence criteria are mandatory guardrails, companies should look beyond this baseline. Independence is not simply the absence of connection – it's also the presence of conviction. Research has shown that the most effective boards actively seek out and value independent directors who bring fresh insight and their own convictions to the table, drawing on their expertise and experience to keep the company accountable to its stakeholders. In fact, boards with an independent director majority make decisions that enhance firm value more than 90% of

the time, compared to only about 60% for boards dominated by non-independent directors.[1]

8. Next, let me move on to board diversity. I note that in response to SGX's requirements, more listed companies are now disclosing their board skills and diversity matrices.

a. While this is a good sign, I would like to encourage boards to look beyond observable demographic attributes like gender or age, and consider deeper-level cognitive aspects such as skillsets and life experiences.

b. Research has shown that such deep-level cognitive differences drive greater positive impact than surface-level demographic-based diversity.[2]

c. Diverse boards, when properly constituted will naturally resist groupthink, embrace constructive debate, and leverage on complementary experiences to make more balanced decisions.

Looking Outward

9. Let me now touch on my next point - looking outward. For listed companies, the privilege of tapping into the public markets comes with the fundamental duty to engage meaningfully with stakeholders – chief of which would be your shareholders.

10. As part of our Equities Market Review, we have been engaging with various market participants, and one of the feedback we have heard is that listed companies in Singapore can do better in engaging their investors and stakeholders.

a. Too many companies here limit themselves to the bare minimum disclosure requirements, and in doing so, miss the opportunity to articulate strategic visions and plans.

b. Active engagement with stakeholders helps to build and establish trust. The latest Edelman Trust Barometer reveals a compelling correlation – organisations with higher trust levels generate greater stakeholder optimism. And it is this optimism that helps drive growth, inspiring investors to believe and invest in a company's future.

11. I encourage listed companies to move beyond passive stakeholder engagement to active dialogue with investors and the broader market, and use these dialogues as a compass to guide their strategic direction.

a. The most effective companies do not wait for the annual general meeting (or AGM) to engage their investors. They maintain regular dialogue with stakeholders and seek to better understand their views and concerns.

b. The investor relations (“IR”) function should not be seen as just a helpdesk to answer queries. Strong IR teams anticipate queries, provide meaningful context and help shape the narratives around the company. Their engagements with stakeholders are not just transient or transactional but are long-lasting and trust-building. They transform investor engagements from a compliance exercise to one that brings strategic advantage.

c. And this advantage can lead to tangible benefits, including better valuations, greater trading liquidity and lower cost of capital. This has been backed by various studies, and interestingly, one study on listed companies in the US found that the use of Twitter (now known as X) for disclosure and engagement has led to lower cost of equity.[3]

12. But investor engagement extends beyond the investor relations department – it begins with the board and management who embrace it as fundamental to business success.

a. I invite boards and companies to view stakeholder engagements as opportunities to share your company’s story, reinforce shareholder confidence, and convince potential investors to entrust their capital to you and your vision.

b. At last year’s SGTI forum, I spoke about 3 Ps – profit, people and planet – which are all important aspects of a company that investors look out for.

c. The best companies craft annual reports that weave these 3 Ps into a coherent story. Companies, such as Unilever, Procter & Gamble, and Nike, do this well. They use their annual reports not just to share financial performance, but their company’s impact on communities and the environment. When announcing board changes, they explain how new appointments enhance board competencies. When discussing remuneration policies, they clearly link these to value creation and executive performance.

d. Compare this to our listed companies. A study done by SID and Black Sun Global last year found that only 10% of sampled companies provided case studies or examples to show how their boards considered major decisions throughout the year.[4] Needless to say, this is an area listed companies can improve on.

Looking Forward

13. Finally, listed companies have to look forward to navigate the future landscape while looking for new opportunities. Boards must remain attuned to the latest developments around the world that may impact their businesses. Here are a couple of questions that I hope boards of listed companies here have started to think about:

a. How will the universal US tariffs impact the company’s business operations?

- b. What implications does the advent of artificial intelligence hold for the company and its workforce?
 - c. How can we leverage artificial intelligence as a source of strength and efficiency?
14. As markets evolve and stakeholder expectations grow, directors must also acquire new skills.
- a. A good starting point is the SID Director Competency model, which comprises eight essential domains of knowledge. These domains provide a well-rounded framework for effective directorship in today's dynamic business environment.
 - b. I encourage directors, both new and seasoned, to make use of this framework to identify any knowledge gaps you may have in areas such as emerging technology governance, particularly artificial intelligence.
15. There is a Chinese proverb "学如逆水行舟，不进则退". Translating literally, this means that learning is like rowing a boat upstream; if you're not moving forward, you will find that you're in fact drifting backwards.
16. Likewise, as a regulator, MAS recognises that our regulatory framework cannot remain static. That is why MAS, SGX and the Corporate Governance Advisory Committee (CGAC) have embarked on a review of the CG Code, and we are applying the same approach to look inward, outward and forward.
17. We have looked inward and refreshed the CGAC composition for this term, so we have looked at bringing in the right representation and fresh perspectives to carry out the CG Code review.
- a. One key objective of this review is that we want to take a hard, introspective look at our CG requirements, across the CG Code and Practice Guidance, to assess whether they are delivering the outcomes we want.
 - b. A one-size-fits-all approach may not be the best way to achieve this. We are hence considering a more nuanced approach and exploring the merit of calibrating the rules to cater to the diverse needs of different types of companies – from large caps to emerging enterprises, family-controlled businesses to multinational corporations.
 - c. This will be the primary focus of one of the CGAC sub-committees, to facilitate more meaningful and practical application of the CG Code.
18. To do this well, we must look outward and engage widely with different stakeholders.

a. We are taking a broader consultative approach beyond the CGAC to engage widely across our ecosystem. This includes both investors and companies of varying profiles.

b. The CGAC will also be conducting focus group discussions in the coming weeks to gather these perspectives. I am pleased to note that SID is helping to organise some of these sessions.

19. And lastly, we are looking forward, by considering new CG Code provisions or guidance on corporate culture, board effectiveness, and risk management in emerging areas, such as again, artificial intelligence.

a. The second CGAC Sub-Committee has been tasked to do this.

b. The aim is to strengthen boards' abilities to capture opportunities brought about by the dynamic environment that we are facing, especially with rapid changes in technology.

20. As the market evolves, we will continue to calibrate and recalibrate our regulatory compass. But our anchor remains firm: we are committed to supporting boards and companies with guidance, resources, and engagement. Because building trust is not something that regulators can just impose – it is a journey that we must chart together.

21. Let me end by once again congratulating the award winners of this year's SGTI. Your achievements set an example for others to follow. So to sum up, let's look inward, look outward, and look forward together.

22. I wish you all a fruitful discussion ahead.

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[1] Gillette, A. B., Noe, T. H., & Rebello, M. J. (2007). Board structures around the world: An experimental investigation. *Review of Finance*, 12(1), 93-140.

[2] Harrison, D. A., Price, K. H., & Bell, M. P. (1998). Beyond Relational Demography: Time and the Effects of Surface- and Deep-Level Diversity on Work Group Cohesion. *The Academy of Management Journal*, 41(1), 96–107.

[3] Agarwal, V., Taffler, R. J., Bellotti, X., & Nash, E. A. (2015). Investor relations, information asymmetry, and market value. *Accounting and Business Research*. Mohamed Al Guindy, Corporate Twitter use and cost of equity capital, *Journal of Corporate Finance*, Volume 68, 2021, 101926, ISSN 0929-1199.

[4] Black Sun Global and SID: Empowerment through engagement – SPARKING INCLUSIVE CONVERSATIONS – 2024 Stakeholder Engagement Research Report