

Corporate Governance in an Era of Extreme Risk

Closing Remarks at Singapore Governance and Transparency Forum 2020

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Distinguished guests, ladies and gentlemen, good morning.

Benefits accorded by good corporate governance

1 First, let me congratulate the award winners for their achievement in good corporate governance disclosure and practices.

2 Practising good corporate governance bears re-emphasis in today's volatile climate, as evidenced by events such as the exit of the UK from the EU, the US withdrawal from the Trans-Pacific Partnership and the trade frictions among US, Europe and China. Strong corporate governance institutions strengthen investor confidence in the ability of the company to navigate through choppy waters. This enables companies to survive through difficult times, allowing them to raise capital and retain shareholder loyalty. Companies also benefit when there is effective articulation of corporate direction, sound calibration of risk appetite, and consistent understanding of where the OB markers are.

Ensuring the true effectiveness of corporate governance

3 Ranking exercises such as the ASEAN Corporate Governance Scorecard and Singapore Governance and Transparency Forum are a key pillar in our corporate government ecosystem. Even as we periodically review and enhance the methodologies, I am heartened to see that companies in Singapore have continued to perform well.

4 One key tenet of good corporate governance is for companies to be transparent and accountable. Boards set the tone for management and staff. This is not a tick-the-box exercise using a template from the previous year. 2020 has been a very different kind of year from every other year we have known. Shareholders, employees, regulators and other stakeholders are all deeply affected by the covid19 pandemic, the geopolitical tensions and their secondary effects, and need more information rather than less, earlier rather than later, to

make meaningful decisions. Notwithstanding the many uncertainties we see before us, board directors cannot hide behind generic template-driven disclosures. Nor can board directors shy away from holding management, as well as themselves, accountable for their performance even in the current state of confusion. .

5 Good corporate governance requires openness in dealing with challenges. Many tried and tested methods are relevant anymore as the momentum of the Fourth Industrial Revolution hits the reality of the covid19 pandemic. Best-in-class boards are leading the way in encouraging a healthy climate of discussion organisation-wide, to identify new threats and find new markets.

6 None of this is possible without a good board. In a more complex global world, the case for board diversity is clear: to broaden the spectrum of views that feed into strategy and decision-making. And it is clear that this need is not restricted to gender diversity, but extends across a host of other attributes as well, not the least of which would be age, expertise and experience. Well-constituted boards will find they have at their disposal the right competencies and expertise to better discharge their responsibilities in a VUCA world.

SGTI 2020 Results

7 I am heartened by the results of the SGTI 2020 which is a testament to the high level of commitment by our companies to bolster good corporate governance practices even amid the present crisis. This crisis presents both challenges and opportunities and it is encouraging to see companies accelerating their digital transformation and examining their approach towards sustainability.

8 Given the breadth and depth of the many impacts from this crisis, we find we are having to run, just to stay still minimum requirements start on a higher level: on disclosure, transparency, accountability and audit, just so that all stakeholders have meaningful information to play their respective parts, in an economy that needs everyone doing their part.

Forging ahead

9 Ultimately, corporate governance is a pact between the various stakeholders about their respective interests in the company, and about how they all have a common interest in the continued well-being of the company.

The current pandemic reminds us just how inter-connected we are, and will continue to be. Any action by any of us potentially has an impact on every other stakeholder. Our collective well-being requires responsible responses from each and every one of us. The prize, of shared well-being, is a worthwhile one.

10 Last but not least, I would like to thank our partners, CGIO (Centre for Institutions, Institutions and Organisations) of NUS Business School; and CPA Australia in collaborating with us on the SGTI initiative and also to organise this event, without which it would not have been made possible.

11 Thank you.