

**ACC3706 Governance, Risk Management and Sustainability
(Semester 1, AY2023/2024)**

Course Outline

Teaching Team

Name	Role	Email	Office
Prof Mak Yuen Teen (MYT)	Coordinator/Lecturer	bizmakyt@nus.edu.sg	BIZ1 7-1
A/P Ho Tuck Chuen (HTC)	Lecturer	bizhtc@nus.edu.sg	BIZ2 3-22

Workload (hours per week):*

Seminar (Lecture/Case presentations):	3
Project, tutorial assignments, etc:	4
Preparatory work :	6

Modular Credits: 4

Pre-requisites:

(ACC1701/ACC1701X or EC2204), BSP1702/BSP1702X and FIN2704/FIN2704X

*Classes will consist of one three-hour session per week. Many of the classes will be a combination of lecture and case presentations by students.

AIM

Corporate governance systems around the world can traditionally be classified into those that are based on the shareholder model (e.g., U.S., UK, and Singapore) and those that are based on the stakeholder model (e.g., Germany and France), with some countries having a hybrid of the two systems. Over the last decade or more, there has been an increasing focus on stakeholders' interest, and on environmental, social and governance (ESG) issues and sustainability, through sustainability reporting requirements; codes of corporate governance; and pressure from institutional investors, non-governmental organisations (NGOs), and other stakeholders. The revised G20/OECD Principles of Corporate Governance expected to be released in 2023 will include a much increased emphasis on the social and environmental issues. Corporate governance provides the foundation for an organisation to effectively manage economic, environmental and social risks.

This module covers corporate governance from a multi-disciplinary perspective, including law, finance, accounting and economics; the differences between the shareholder and stakeholder models and their implications for corporate governance; key ESG factors that may affect the long-term sustainability of companies; corporate governance regulatory approaches and frameworks; key corporate governance principles and practices in areas such as board of directors, remuneration, corporate culture and ethics; shareholder and stakeholder rights; and risk governance and management. The module includes an extensive coverage of the governance and management of financial, operational, technology, compliance and ESG risks, from an enterprise risk management perspective.

OBJECTIVES

- To enable students to understand the conceptual framework and key rules, regulations, and guidelines governing the corporate governance of companies in Singapore and internationally.
- To enable students to understand the impact the global forces, such as multilateral organisations, foreign governments, multinational corporations and global investors, on corporate governance and sustainability
- To equip students with knowledge of key corporate governance practices, issues and challenges that is relevant to accountants, corporate executives and other industry professionals involved in corporate governance-related work
- To equip students with the knowledge of the board's responsibility over the governance of risk in organisations, and how enterprise risk management framework supports the board in the discharge of their responsibilities.
- To equip students with the knowledge of the key enterprise risk management principles and processes such as risk assessment, risk responses and internal control activities, and knowledge of internal control principles which are essential in providing a sound internal control environment.
- To enable students to understand ethical, corruption and fraud risks in Singapore and the region, and the role and limitations of anti-fraud, bribery and corruption programmes in mitigating these risks

POSITION OF THE MODULE IN THE OVERALL SYLLABUS

This module builds on and complements students' knowledge and understanding acquired through the several accounting modules (such as Financial Accounting and Assurance and Attestation), finance modules such as corporate finance and investments, and modules on the legal environment of business and corporate and securities laws.

LEARNING APPROACH

Corporate governance and risk management are very practical subjects. Companies and various stakeholders deal with corporate governance issues on a daily basis. In this module, students will be exposed to both the theory and practice of corporate governance and risk management. In addition to textbook readings and journal articles, many practical examples of corporate governance practices and issues will be discussed to ensure that students' knowledge is grounded in practice. Extensive use will be made of media articles and commentaries. The practical approach is reinforced through the involvement of lecturers and speakers who have extensive practical experience, videos/case studies involving real ESG and risk issues, and projects requiring students to develop hands-on understanding of the corporate governance, ESG practices and risk management of companies.

ASSESSMENT

Group project: 30%*

Class/tutorial participation (10%) and tutorial presentation (10%): 20%

Final exam (open book): 50%**

KEY AREAS OF THE SYLLABUS

- Shareholder and stakeholder models of corporate governance, and the increasing focus on ESG issues
- Forces impacting corporate governance regulation and practices of companies
- Internal and external governance mechanisms
- The corporate governance regulatory framework in Singapore (with some comparisons with other major countries)
- Singapore Code of Corporate Governance
- Corporate governance framework and key corporate governance issues in listed companies, and specific issues in sectors such as Catalyst board, foreign listings, and financial institutions
- Corporate governance framework and practices of a listed company and the key players, and sustainability governance structures and practices to oversee and manage sustainability risks and opportunities
- Roles and composition of board of directors and key board practices, and how they are impacted by ESG factors
- Executive and director remuneration, including the integration of ESG factors into executive remuneration
- The role of internal control and risk management in corporate governance
- Enterprise risk management framework – risk identification, assessment, evaluation, response, monitoring
- Risk mitigating measures and internal control framework
- Tone at the top, codes of conduct and whistleblowing
- Business continuity and crisis risk management

PRESCRIBED READINGS

Selected Cases from Corporate Governance Case Studies Series, edited by Mak Yuen Teen, and published by CPA Australia.

Reports, articles and news media commentaries

SUPPLEMENTARY READINGS

Risk Governance Guidance for Listed Boards, Corporate Governance Council, 10 May 2012, Singapore

Reports, articles and news media commentaries

DETAILED SYLLABUS

1. Introduction and overview

- a. What is corporate governance and why is it important?
- b. Key corporate governance mechanisms
- c. Shareholder versus stakeholder models
- d. Sustainability and ESG
- e. Key differences in corporate governance around the world

2. Corporate governance regulatory approaches, regulatory framework, rules and enforcement

- a. Regulatory approaches to corporate governance
- b. Overview of the corporate governance regulatory framework and key sources of CG rules
- c. The Singapore Code of Corporate Governance
- d. The “comply or explain” approach
- e. Implementation and enforcement of corporate governance rules

3. Overview of corporate governance issues in listed companies

- a. Corporate governance framework of a listed company and the role of key players
- b. Corporate governance challenges for different types of companies
- c. Corporate governance issues for foreign listings

4. Board of directors

- a. Board powers, duties and responsibilities
- b. Board composition – competencies and independence
- c. Board diversity
- d. Board leadership
- e. Board size
- f. Board committees
- g. Other key corporate governance practices

5. Executive and director remuneration

- a. Overview of rules, principles and guidelines
- b. Structure (mix) of executive remuneration
- c. Performance measures
- d. Different types of performance-based remuneration
- e. Risks associated with pay for performance
- f. Non-executive director remuneration

6. Corporate culture and ethics

- a. The importance of corporate culture and its role in explaining corporate governance scandals and lapses
- b. Aspects of corporate culture and key indicators
- c. Board’s role in overseeing corporate culture
- d. Integrity, ethics and ethical dilemmas
- e. Whistleblowing

7. Responsibility of the board over the governance of risk

- a. Board responsibility over the governance of risk
- b. Board risk governance framework and SGX Listing Rules requirements
- c. Risk definitions – risk appetite, risk tolerance, and key categories of risks

- d. The lines of defence in risk and control
- e. Role of internal audit and external audit functions

8. Enterprise risk management

- a. Internal control principles and enterprise risk management
- b. Risk management standards and ERM frameworks
- c. Overview of ERM and integrated internal control frameworks
- d. Risk management structure in organisations and the lines of defence

9. Risk management process

- a. Establishing the right tone from the top
- b. Establishing the context and objectives
- c. Risk identification and risk analysis
- d. Risk mapping and prioritisation

10. Risk management process

- a. Risk evaluation
- b. Understanding the concept of gross risks and residual risks
- c. Responding and treatment of risks
- d. Risk management tools and techniques

11. Control activities

- a. Objectives of internal control
- b. Principles applicable to control activities, information and communication, and monitoring of controls
- c. Different types of internal controls
- d. Red flags and key risk indicators

12. Business continuity and crisis risk management

- a. Understand how business continuity risk management (BCM) fits into the ERM framework
- b. Key concepts in BCM
- c. Key steps in developing a BCM program
- d. Structure of a BCM framework