

**ACC3706 Governance, Risk Management and Sustainability  
(Semester 2, 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 Richard Tan (RT)	Lecturer	biztclr@nus.edu.sg	BIZ2 3-21

**Workload (hours per week):\***

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

**Units:** 4

**Pre-requisites:** ACC1701 Accounting for Decision Makers  
BSP1702 Legal Environment of Business

\*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 course 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 course 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 COURSE IN THE OVERALL SYLLABUS**

This course builds on and complements students' knowledge and understanding acquired through the several accounting courses (such as Accounting for Decision Makers and Assurance and Attestation), finance courses such as corporate finance and investments, and courses 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 course, 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 Catalist 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

## **BIOGRAPHIES OF INSTRUCTORS**

### **Professor Mak Yuen Teen**

Mak Yuen Teen was founding director of the first corporate governance centre in Singapore called the Corporate Governance and Financial Reporting Centre (CGFRC) at the NUS Business School (now called CGS), and is Professor (Practice) of Accounting. He is the founding director of the Centre for Investor Protection in the School. He has held the position of Asia-Pacific Research Director in Watson Wyatt (now Willis Towers Watson), a global consulting firm, and also the position of Head of Research at KPMG Singapore, while on leave from the university. He holds First Class Honours, Masters and PhD degrees in accounting and finance and is a fellow of CPA Australia.

Prof Mak served as Chairman of SATA CommHealth and was also Deputy Chairman of the National Kidney Foundation, joining the board after the NKF scandal before retiring at the end of 2011. In those organisations, he has served as chairman or member of various board committees, including governance and nominating committee, audit committee, finance committee, investment committee and human resource committee. He currently chairs the Nomination Committee of NKF and serves as a member of the Singhealth Foundation Finance Committee and the ABS Benchmarks Oversight Committee. He was a member of the audit advisory committee of the United Nations Population Fund based in New York between 2006 and 2012, and of UN Women, also based in New York between 2012 and 2018. He also served on the Governing Council of the Singapore Institute of Directors from 2000-2005.

Prof Mak was a member of the Corporate Governance Committee which released Singapore's first Code of Corporate Governance for listed companies in 2001, and was a member of the Council on Corporate Disclosure and Governance, or CCDG (the predecessor of the Accountancy Standards Council) which set accounting standards and revised the Code. He was also a member of the Corporate Governance Council formed by the Monetary Authority of Singapore (MAS) for the 2017/8 review of the Code and is currently serving a second three-year term as a member of the Corporate Governance Advisory Committee formed by MAS in February 2019. He was also a member of the Charity Council and chaired the subcommittees that developed the first code of governance for charities and its subsequent revision, and a member of the advisory panel established by the Ministry of National Development to develop a corporate governance code for town councils.

He is a member of the international advisory board of the Hawkamah Institute for Corporate Governance in Dubai and a senior advisor and advisory board member of the Vietnam Independent Directors Association.

Prof Mak developed the Governance and Transparency Index (GTI) published by the Business Times and was the Singapore representative on a project to develop an ASEAN corporate governance scorecard and ranking, an initiative of the regional securities regulators. He also led the development of GIFT, the only dedicated public ranking of REITs and business trusts in Singapore which has been published since 2017. He has chaired or served on various corporate governance award committees.

Prof Mak's report on improving the implementation of corporate governance practices in Singapore, commissioned by MAS and SGX, was published in June 2007. He has led various other projects commissioned by the government and private sector. His book "From

Conformance to Performance: Best Corporate Governance Practices for Asian Companies” was published by McGraw-Hill in 2005. He has published a primer on governance for social enterprises in Singapore commissioned by the Social Enterprise Association, and edited 11 volumes of an annual corporate governance case studies series published by CPA Australia.

In 2014, he was given the Corporate Governance Excellence Award by SIAS for his contributions to corporate governance in Singapore, only one of two individuals in the 22-year history of SIAS to receive the award. In 2015, he received the Corporate Governance Excellence Award from the Minority Shareholders Watchdog Group of Malaysia for his contributions to raising corporate governance standards in the region and was also recognised by the Singapore Institute of Directors as a CG Pioneer.

Prof Mak is a regular commentator in the media on corporate governance and accounting issues. He conducts training for directors, regulators and other professionals in the region and regularly speaks in conferences here and overseas.

He regularly posts articles and comments on his website Governance for Stakeholders as part of his advocacy activities in corporate governance.

### **Adjunct A/P Richard Tan**

Richard has almost 40 years of governance, risk and control experience in both the financial services and non-financial services industries, and in risk consulting. He recently retired from KPMG as an Advisory Partner where he led in the provision of governance, internal audit, and enterprise risk management services. He has advised boards and senior management on corporate governance, risk and control assurance, and risk management matters. Richard has worked extensively across the Asian markets and has a good knowledge of risks in the Asian markets and in key industry sectors such as banking, real estate, REITS & business trusts, construction, consumer, charitable organisations/IPC, education, etc.

He is an independent director of several companies in the financial and non-financial services sectors. He currently chairs the Audit & Risk Committee of the Asia Pacific Advisory Board of EFG Bank AG; Integrated Health Information Systems Pte Ltd (IHiS); Isetan Singapore Limited; and Heeton Holdings Limited; as well as the Audit Committee of Sompo Insurance Singapore Limited and Berjaya Sompo Insurance Berhad. Richard is also an independent director and a member of the Audit Committee of First REIT Management Limited (Manager for First Real Estate Investment Trust (REIT)) and a member of the Audit Committee of A\*star. In voluntary service, he serves on the board of several charities/IPC and is Audit & Risk Committee chairman of the Singapore Repertory Theatre and All Saints Home.

He commenced his career with Peat, Marwick & Mitchell & Co (now KPMG) and later worked in the banking sector for about 20 years in internal auditing and risk management. He has been the head of regional internal audit functions of major financial institutions such as Standard Chartered Bank and Chase Manhattan Bank covering the Asia Pacific region. Prior to re-joining KPMG, he worked in DBS Bank as deputy to the Head of Group Audit where he played a key role in the audit transformation programme. He later moved on to be Head of DBS Group Technology & Operations Risk Management where his responsibilities included control self-assessment, operational risk management and reporting, group reconciliation control services, as well as the group-wide business continuity management programme. A key responsibility in the latter role was to ensure that the Bank maintains a high level of business continuity readiness

at all time so as to minimise the risk of service disruptions which may pose a systemic risk to the banking industry. Richard was also a member of various risk-related committees in DBS Bank including the Group Operating Risk Committee, Group Outsourcing Risk Management Committee, and chaired the T&O Policy & Standards Committee.

Richard is a fellow member of the Institute of Singapore Chartered Accountants and a Certified Internal Auditor (CIA). He also holds the Certification in Risk Management Assurance (CRMA) and the Certification in Control Self Assessment (CCSA) from The Institute of Internal Auditors Inc (USA). He is a fellow member of The Association of Chartered Certified Accountants (UK), an associate member of The Chartered Institute of Management Accountants (UK) and holds a Master of Business Administration (MBA) from Henley Management College/ University of Reading.