

Five Questions with Edward LEE



- Chairman & Lead Independent Director, Indofood Agri Resources
- Independent Non-Executive Director (NED), QAF
- Previously, NED, Keppel Land
- Singapore's Ambassador, Indonesia (1994-2006)
- Ambassador to the Philippines (1990-1993)
- High Commissioner, Brunei (1984-1990)
- Board of Trustees of the ISEAS – Yusuf Ishak Institute
- Various civilian awards from Indonesia, the Philippines, and Singapore

1. From your multiple board experiences, what are your top three observations?

Boards usually focus on three key areas: risk management, governance, and the interests of all stakeholders. These are akin to the Business Roundtable statement of 2019 on the role of corporations in creating long-term value and serving everyone better: investors, employees, communities, suppliers and customers.

It is heartening that shareholders have become more diligent in examining the competencies of board candidates. There is appreciation of the need for board diversity. The overriding consideration has been the competencies of the candidates rather than merely the need to satisfy the need for, say, gender diversity. In this respect, the chairperson of the Nominating Committee plays a pivotal role in identifying suitable candidates.

Good governance has always been important, and it has grown more crucial over the years. Towards this end, institutions like SID (Singapore Institute of Directors) and SGX have been instrumental in training current and future board directors. Such training has become more broad-based. Topics such ESG awareness, managing cyber risks and maximising the value of internal audit have been getting a lot of attention.

2. What are your comments on the robustness of debate and quality of decision-making on boards, and how can that be improved?

The chairperson plays a vital role. Some directors are by nature reticent. A good chairperson can bring out the best in the directors by encouraging a more robust debate. The aim is to ensure better decisions and outcome.

Robustness does not have to be confrontational. Mutual respect should be a guiding principle. In annual board assessment,

participation and engagement ought to be critical criteria. Gradually, the tone of the board discussion ascends to a higher level and we have better outcomes.

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3. What are the ways for Boards to truly understand the talent and capabilities of the Management Team and what more can be done?

It is useful to invite management leaders to board meetings. As board papers are short and concise, having a dialogue with management members about operational matters can allow the board to not only understand the workings of the company but assess members of the senior management. Another way is to go on the ground and visit the various operational facilities, sometimes in different countries. Such visits should not be perfunctory but regarded as an opportunity for Board members to engage the management. The Board will have a more holistic view of the operational and reputational risks. The visits can also be motivational.

4. What are some practical ways to ensure diversity is leveraged to ensure better outcomes?

Over the years, diversity has received more attention. I find that most boards consider diversity beneficial and they make serious efforts in getting a diverse board. However, diversity is not an end in itself. It is a tool to enhance the effectiveness of the board.

“Looking for suitable candidates by using the old boys’ network is becoming an anachronism.”

Therefore, boards regard the quest for diversity not as an exercise in ticking the box but a committed effort to get a diversity of skills, expertise, and competencies. As a sociologist puts it, the modern creative economy requires diversity, and “creativity cannot be

contained by categories of gender, race, ethnicity or sexual orientation.” Looking for suitable candidates by using the old boys’ network is becoming an anachronism. Some boards use psychometric or behavioural assessments but the outcomes can be mixed, depending very much on the implementation.

5. What are your perspectives on the understanding of Tech in boards and on the impact of Tech on board work and board effectiveness?

Companies have made big strides in using technology in their operations. Technological innovations have enhanced operations. At the same time, everyone is more aware of some of the risks such as cyber-security. We are going through a transition, one which will be fairly rapid. Innovative robotics and AI will make work safer, faster, and probably less expensive. We are at the threshold of a momentous transformation and directors facing the challenges of change are adapting.

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