SINGAPORE CORPORATE AWARDS 2016

The yin and yang of corporate governance

Chairman of GLP, winner of Best Managed Board (Large-Cap, Bronze), says corporate governance is about setting a framework for managers to work within.

By Cai Haixiang

A SKED about his philosophy of corporate governance, Global Logistic Properties (GLP) non-executive chairman Seck Ngee Huey brings up the Chinese philosophical concepts of yin and yang. The Chinese speak of finding the right balance through opposite yet complementary forces. To him, corporate governance is a matter of not controlling too much, but setting a framework for managers to work within.

"You want to set very high corporate governance standards. But at the same time, you don't want to set it such that everybody is too scared to do everything," said Dr Seck, who has a doctorate in urban research and was previously the president of GIC Real Estate. "You don't want them to do work that is not going to work." At GLP, Dr Seck, 66, oversees a board of 10 directors where eight members, including himself, are independent.

The company builds and invests in US$15 billion of warehousing facilities around the world. More than half of its portfolio by net asset value comes from China, with a quarter in Japan and smaller portions in the US and Brazil. The company also runs a fund management business.

As a property investor, one of the biggest risks GLP faces is if investments turn out to be in bad locations, or that it takes excessive leverage. Risk management is thus important, not to eliminate risk, but to have a framework within which entrepreneurship can flourish.

"There are a lot of interactions with the board. The board should have a view as to whether the board is the right person for the next senior job," Dr Seck said.

The company has a "half and half" split of independent and executive directors, with at least one independent director on each committee. "There are a lot of issues that need to be discussed," he said.

"We need to have a clear view of where the company is going. We have to be realistic in our investments," he added. "It is not easy to find people who are willing to work for us." Dr Seck noted that some have "jumped ship".

"We were the only company in the region to have a clear view of where the company is going," he added. "As China has moved from an export-focused economy to one emphasising domestic consumption, GLP's customer profile has changed accordingly. We've been able to adapt and find more and more customers," he said.

Dr Seck says: "You want to set very high corporate governance standards. But at the same time, you don't want to set it such that everybody is too scared to do everything."