

Good Governance for Vibrant Capital Markets

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13 August 2025

Findings of the Singapore Governance and Transparency Index 2025

Presented at the Singapore Governance and Transparency Forum

Agenda

- 1. Background**
- 2. General Findings**
 - a. General Performance**
 - b. ESG Disclosure: Targets and Climate Risks**
- 3. REIT & Business Trust Performance**
- 4. Evolution of SGTI: Introduce Value-Related Indicators**

SGTI Partnership

A Collaboration Between



Centre for Governance and Sustainability
NUS Business School



SINGAPORE
INSTITUTE OF
DIRECTORS

Strategic Media Partner

THE BUSINESS TIMES

SGTI Advisory Panel

Ms Chen Huifen

Editor, The Business Times

Ms Rachel Eng

Managing Director, Eng and Co. LLC

Mr Loh Hoon Sun

Senior Advisor, Phillip Securities Pte Ltd

Mr Max Loh Khum Whai

Former Managing Partner (Singapore & Brunei), EY

A Dynamic SGTI

- SGTI was re-introduced in 2024 as a dynamic index
 - Reflects changes in sustainable corporate governance regulations and practices
 - Places greater emphasis on ESG
- Building on this foundation, SGTI 2025 expands this framework
 - Incorporates additional sustainability disclosures, including climate reporting

SGTI Coverage

General Category (467)

Excluding 158 Companies:

- 7 newly listed
- 28 secondary listings
- 46 funds
- 53 suspended from trading
- 8 delisted
- 16 others

REITs & Business Trusts (42)

Excluding 4 REITs & Business Trusts:

- 2 suspended from trading
- 1 annual report not released for 2 years
- 1 suspended to prepare for delisting

Note:

SGTI 2025 assessed companies based on their annual reports for Financial Year 2024 released by 31 May 2025.

Other sources of information for assessment include sustainability reports, websites, announcements on the SGX website and media coverage.

SGTI Framework – General Category

B.R.E.A.D Base Score (100 points)

Board Responsibilities (35 points)

Rights of Shareholders (10 points)

ESG & Stakeholders (20 points)

Accountability & Audit (10 points)

Disclosure & Transparency (25 points)

+

Adjustments for Bonus & Penalty (43 points)

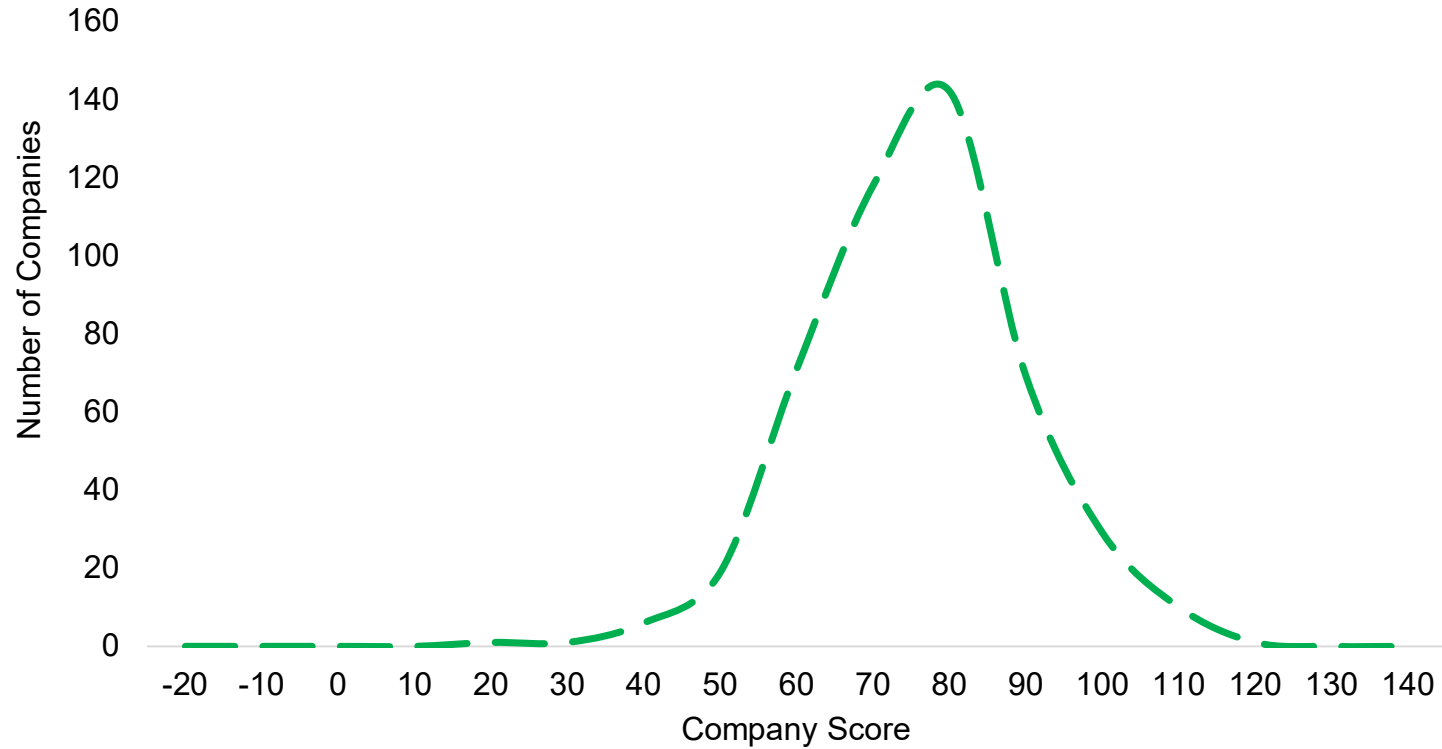
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Overall SGTI Score (143 points)

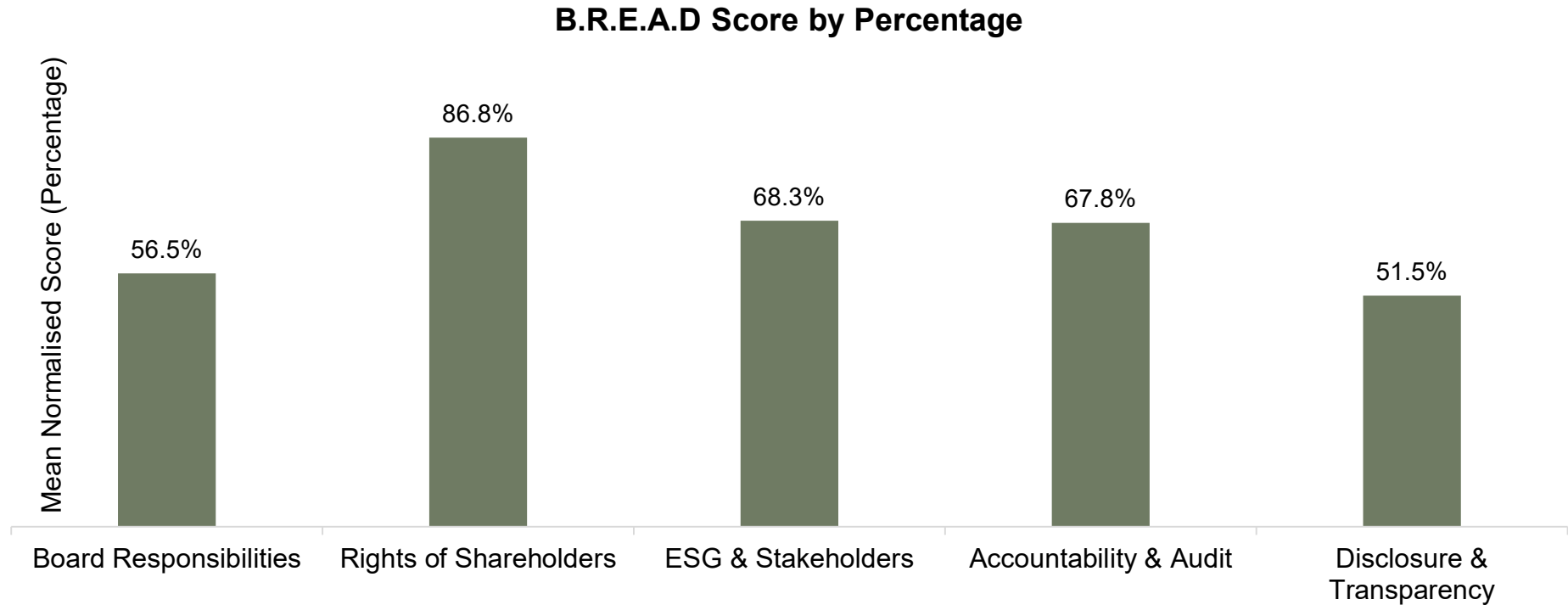
Breakdown of Score

SGTI 2025			
Base SGTI 2025 Score	Bonus	Penalty	Overall SGTI 2025 Score
61.7	13.4	4.2	70.9

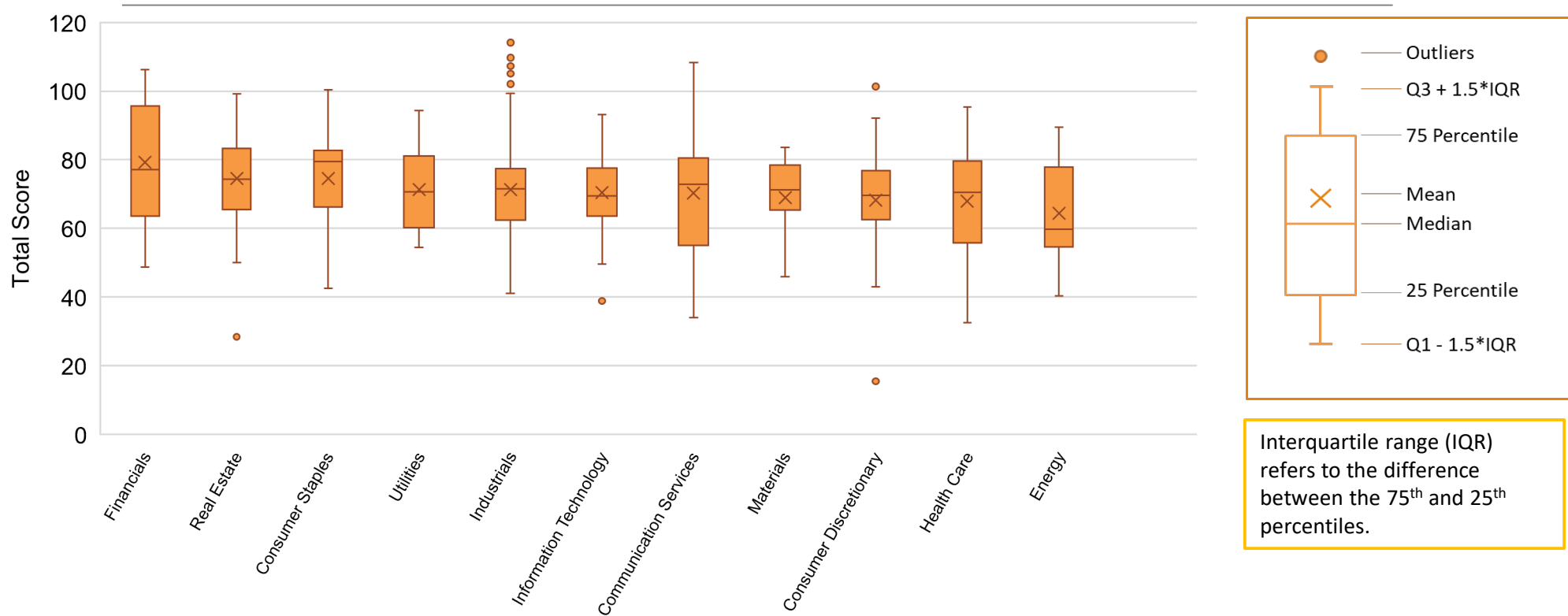
Score Distribution



Sectional Scores



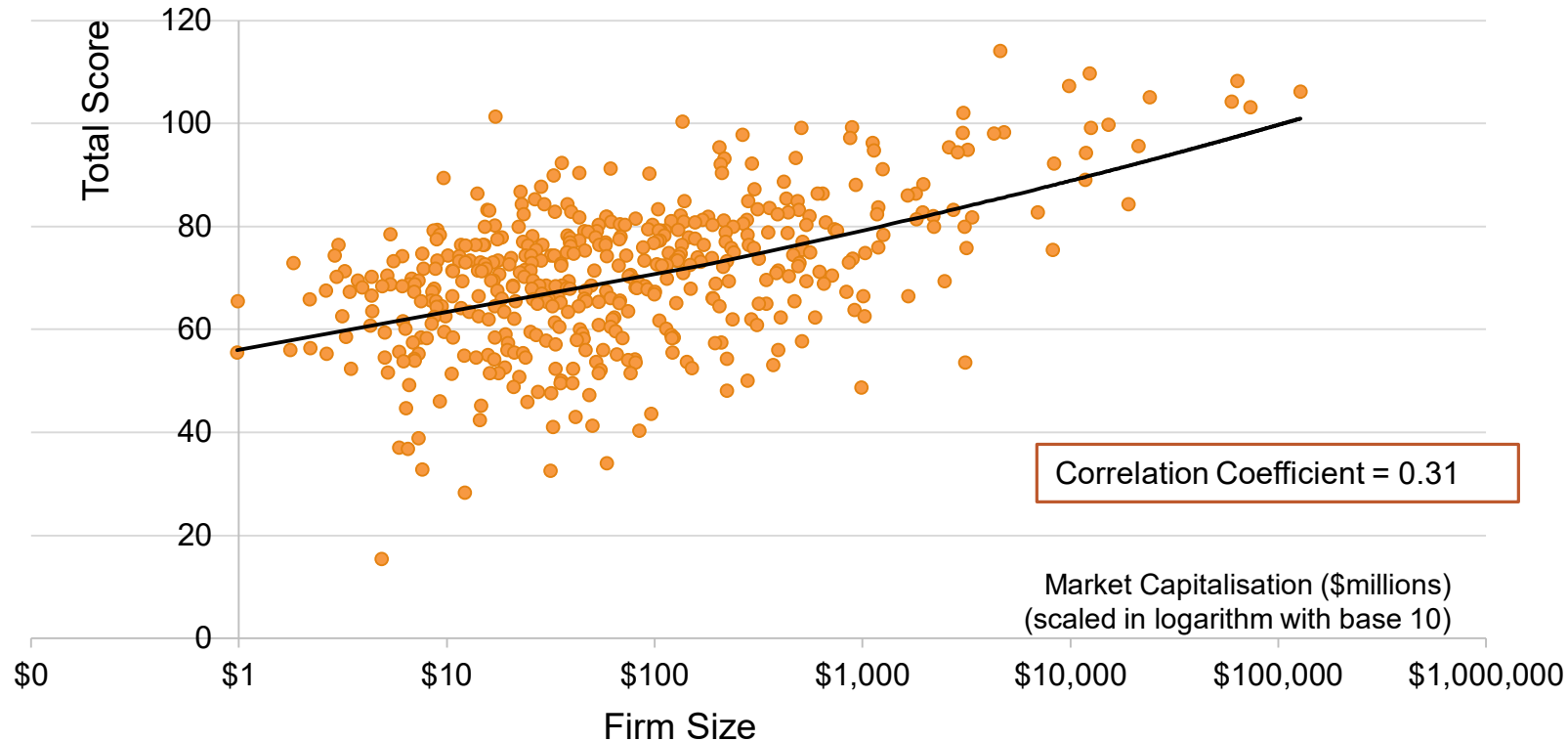
Industry Effect



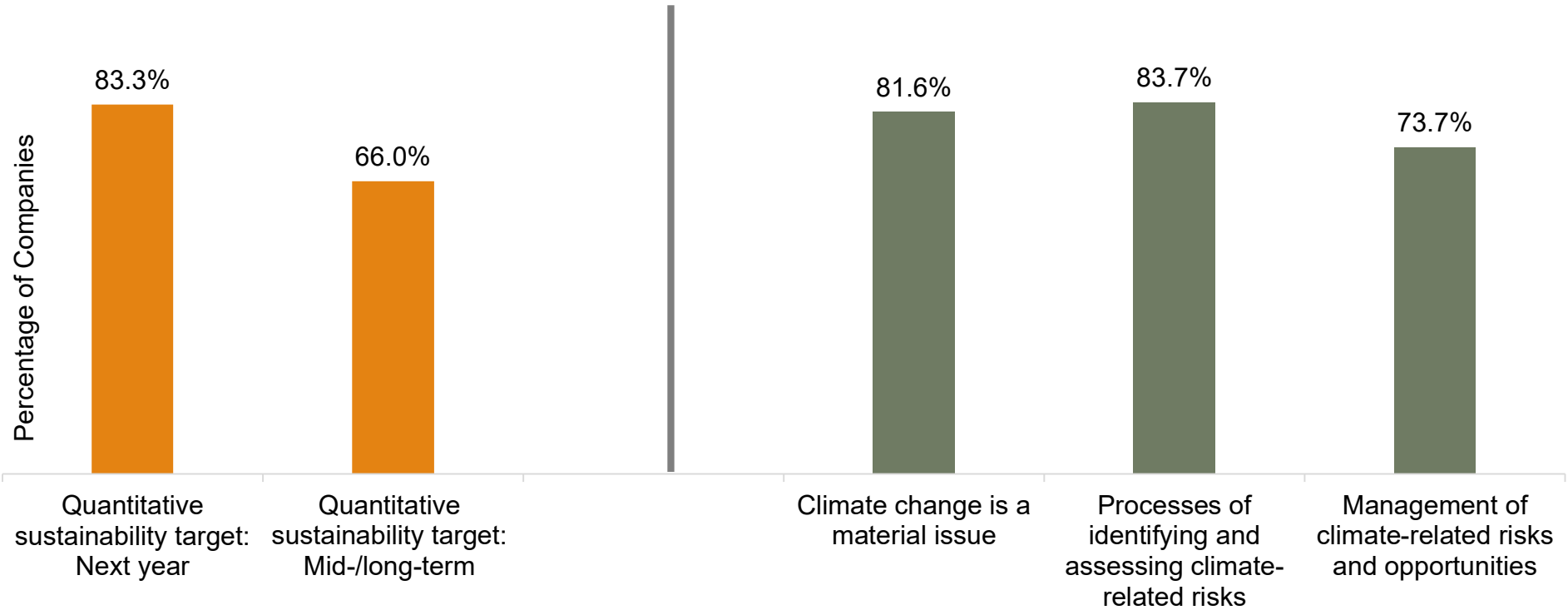
On average, Financials companies had higher mean scores, followed by Real Estate and Consumer Staples

Size Effect

Significant relationship remains between firm size and performance



Sustainability Targets and Climate Reporting



SGTI Framework – REITs & Business Trusts

Normalised Base Score (75 points)
(B.R.E.A.D)

Board Responsibilities

Rights of Shareholders

ESG & Stakeholders

Accountability & Audit

Disclosure & Transparency

Trust-Specific Items (25 points)
(S.L.I.C.E)

Structure

Leverage

Interested Person Transactions

Competency of Trust Manager

Emoluments

+

Adjustments for Bonus & Penalty (43 points)

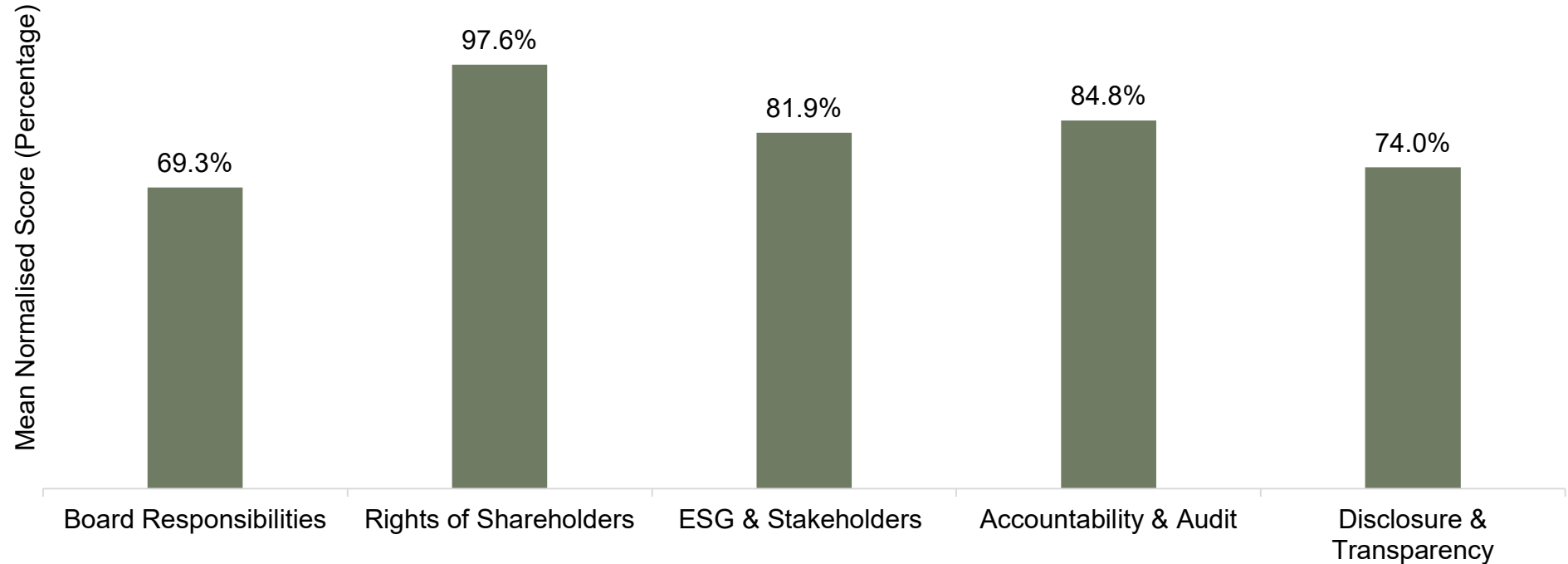
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Overall SGTI Score (143 points)

Breakdown of Score – REITs & Business Trusts

SGTI 2025			
Base SGTI 2025 Score	Bonus	Penalty	Overall SGTI 2025 Score
73.4	18.8	2.0	90.2

BREAD Scores: REITs & Business Trusts



Towards a Market-Centric Dynamic Index

- National initiative to revitalise Singapore's equities market
- Several measures announced to enhance trading liquidity, including intention to move Singapore to a more disclosure-based regime
 - Requires issuers to **uphold and strengthen corporate governance**, and give **renewed attention to shareholder value creation**

This is the starting point for the next phase of SGTI

Towards a Market-Centric Dynamic Index

Next phase of SGTI:

1. Assessment of CG disclosures and practices will continue as mainstay
2. Proposed new dimension, reflecting a fundamental objective of CG: creating value for shareholders

Value-Related Measures

- Value-related indicators based on
Financial statements and/or stock-related data
- Examples:
 - Return on equity
 - Net profit margin
 - Interest coverage ratio
 - Financial leverage
 - Price–earnings ratio
 - Price-to-book ratio
 - Enterprise value multiple
- May also include indicators based on specific aspects, e.g. dividend yield

Weightage of Value-Related Measures

- Value measures: 25% of total SGTI score
- Disclosure-based assessment: 75% of total SGTI score

Aims to uncover value stocks that possess both
good governance and **good market-related performance**

Proposed SGTI Model

Score Based on Disclosure (75%)

Board Responsibilities

Rights of Shareholders

ESG & Stakeholders

Accountability & Audit

Disclosure & Transparency

+

Adjustments for Bonus & Penalty

+

Score Based on Value-related Measures (25%)

Possible indicators:

- Return on Equity
- Net Profit Margin
- Interest Coverage Ratio
- Financial Leverage
- Price-Earnings Ratio
- Price-to-Book Ratio
- Enterprise Value Multiple
- Dividend Yield

=

Overall SGTI Score

Proposed SGTI Model – REITs & Business Trusts

Score Based on Disclosure (75%)

Board Responsibilities

Rights of Shareholders

ESG & Stakeholders

Accountability & Audit

Disclosure & Transparency

Structure

Leverage

Interested Person Transactions

Competency of Trust Manager

Emoluments

+

Adjustments for Bonus & Penalty

Score Based on Value-related Measures (25%)

Possible indicators:

- Return on Equity
- Net Profit Margin
- Interest Coverage Ratio
- Financial Leverage
- Price-Earnings Ratio
- Price-to-Book Ratio
- Enterprise Value Multiple
- Distribution Yield

+

=

Overall SGTI Score

Beyond ESG to EESG

- Much of sustainability has focused on ESG factors. **But economics (E) is also a key dimension**
 - **Corporate sustainability requires financial viability**
- A more market-oriented assessment considering financial outcomes reinforces the significance of upholding shareholders' interest
- **Sustainable corporate governance is not only about what is disclosed; it is also about what is delivered**

Consultation Invitation

CGS invites comments on this proposal

Please send your suggestions to cgs@nus.edu.sg.

Comments are requested by 30 September 2025