

The New Corporate Governance Landscape – Are We Ready?

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Findings of the Singapore Governance and Transparency Index 2019
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SGTI Partnership

A Collaboration Between



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Mr Wong Wei Kong

Editor, The Business Times

Corporate Governance Milestones

Revised Code of
Corporate Governance
(2nd review)

SGTI extended to
REITs and
business trusts

Code 2018
comes into
effect in 2019



Governance &
Transparency Index
(GTI) launched

SGTI Introduced

Revised Code of
Corporate Governance
(3rd review)

SGTI Assessment Coverage

General Category (578)	REITs & Business Trusts (46)
<p>Excluding 123 companies:</p> <ul style="list-style-type: none">• 14 newly listed• 30 secondary listings• 8 funds• 60 suspended from trading• 1 not released report for 2 years• 10 delisted	<p>Excluding 1 REITs & business trusts:</p> <ul style="list-style-type: none">• 1 newly listed

SGTI Framework – General Category

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

Board Responsibilities (35 points)

Rights of Shareholders (20 points)

Engagement of Stakeholders (10 points)

Accountability & Audit (10 points)

Disclosure & Transparency (25 points)

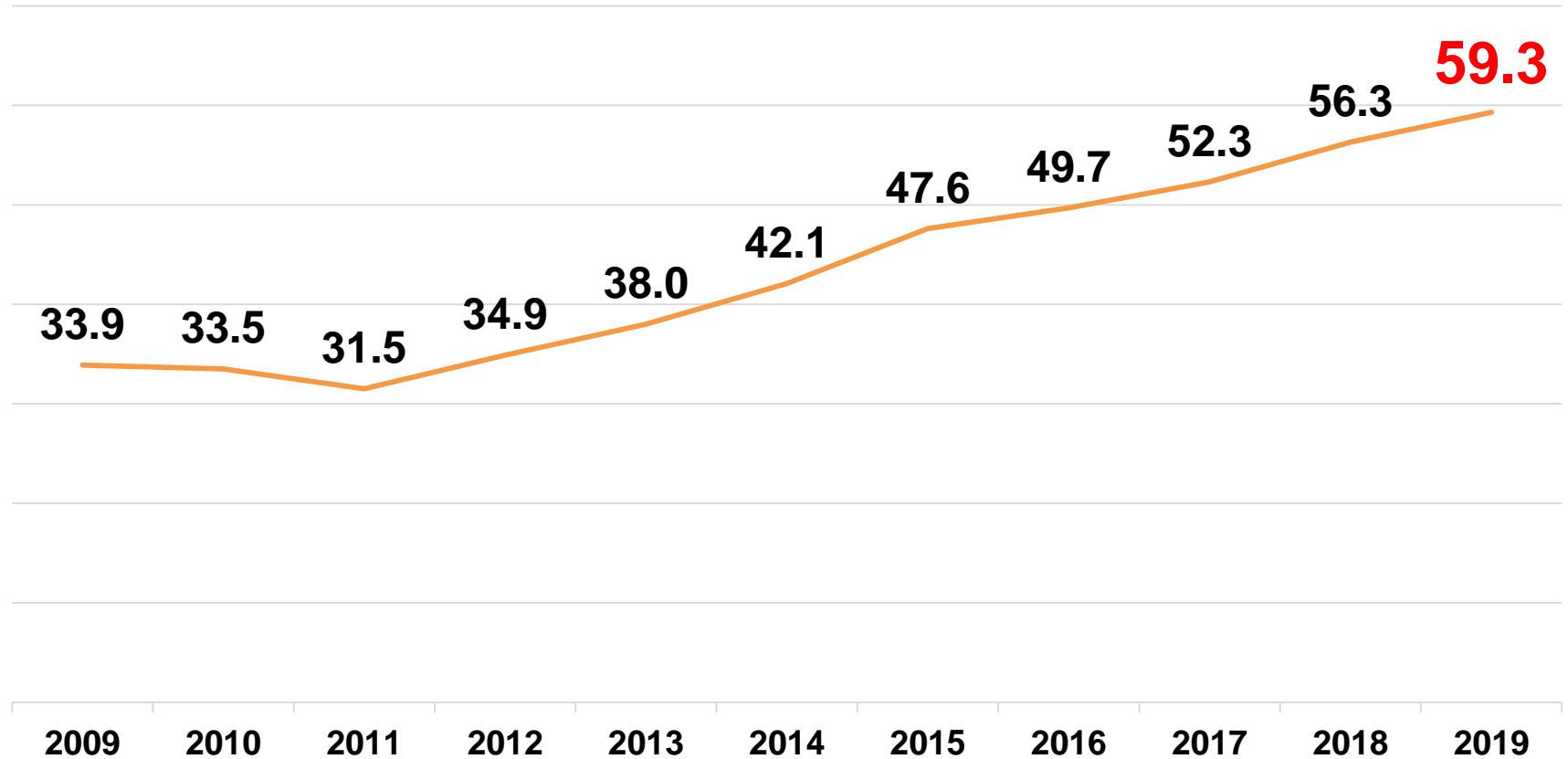
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Adjustments for Bonus & Penalty (43 points)

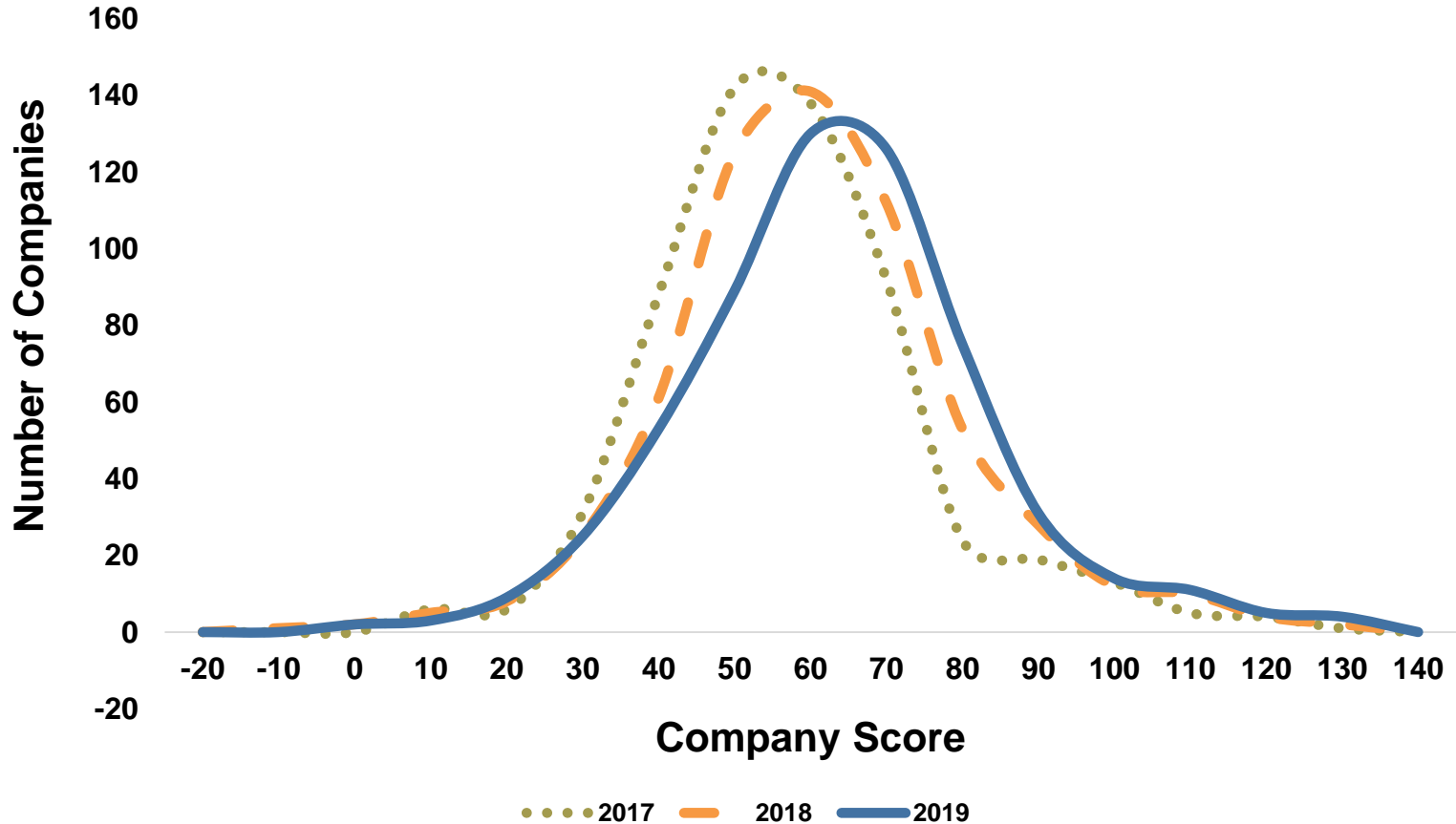
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Overall SGTI Score (143 points)

Mean Score Trend – General Category

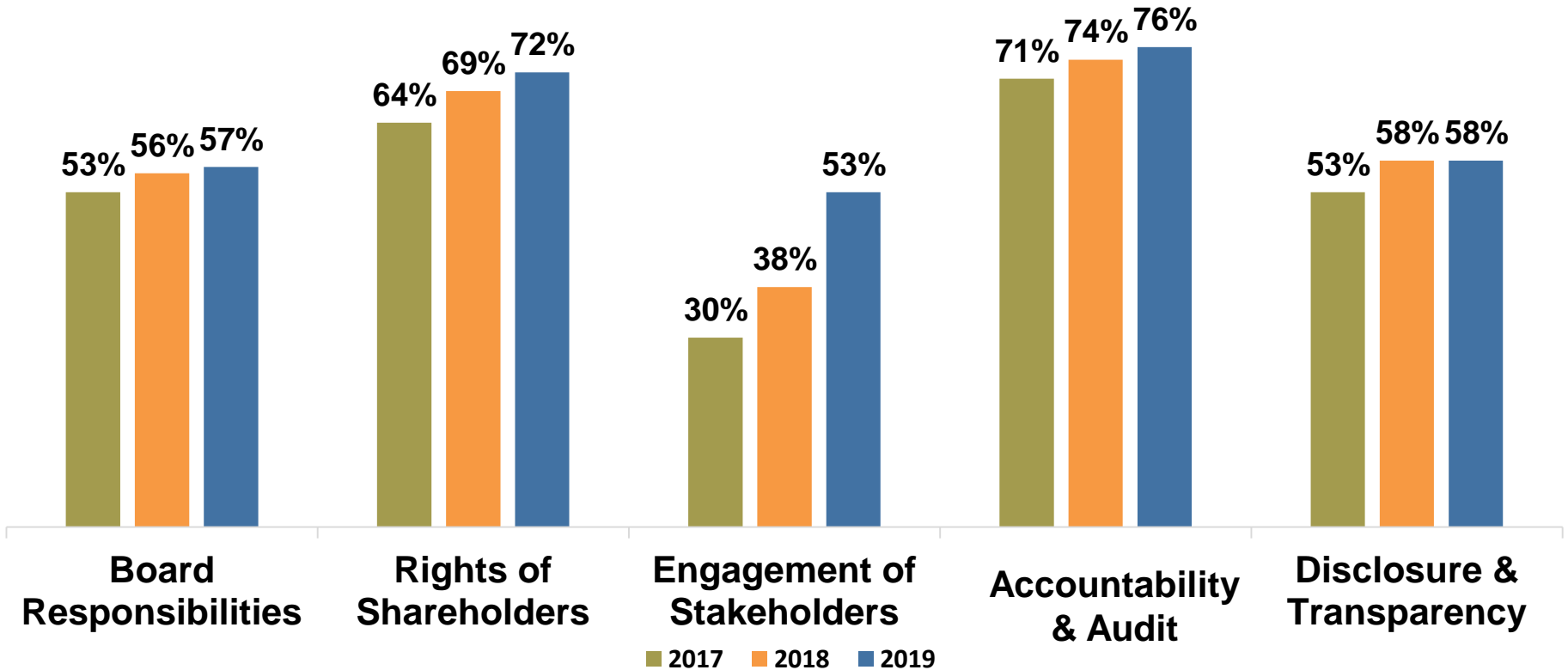


Company Score Distribution



Sectional Scores

B.R.E.A.D Score by Percentage



Key Findings – General Category

Board Responsibilities



Board & Director Appraisals

Rights of Shareholders



Shareholders' Information & Participation

Engagement of Stakeholders



Sustainable Policies & Practices

Accountability & Audit



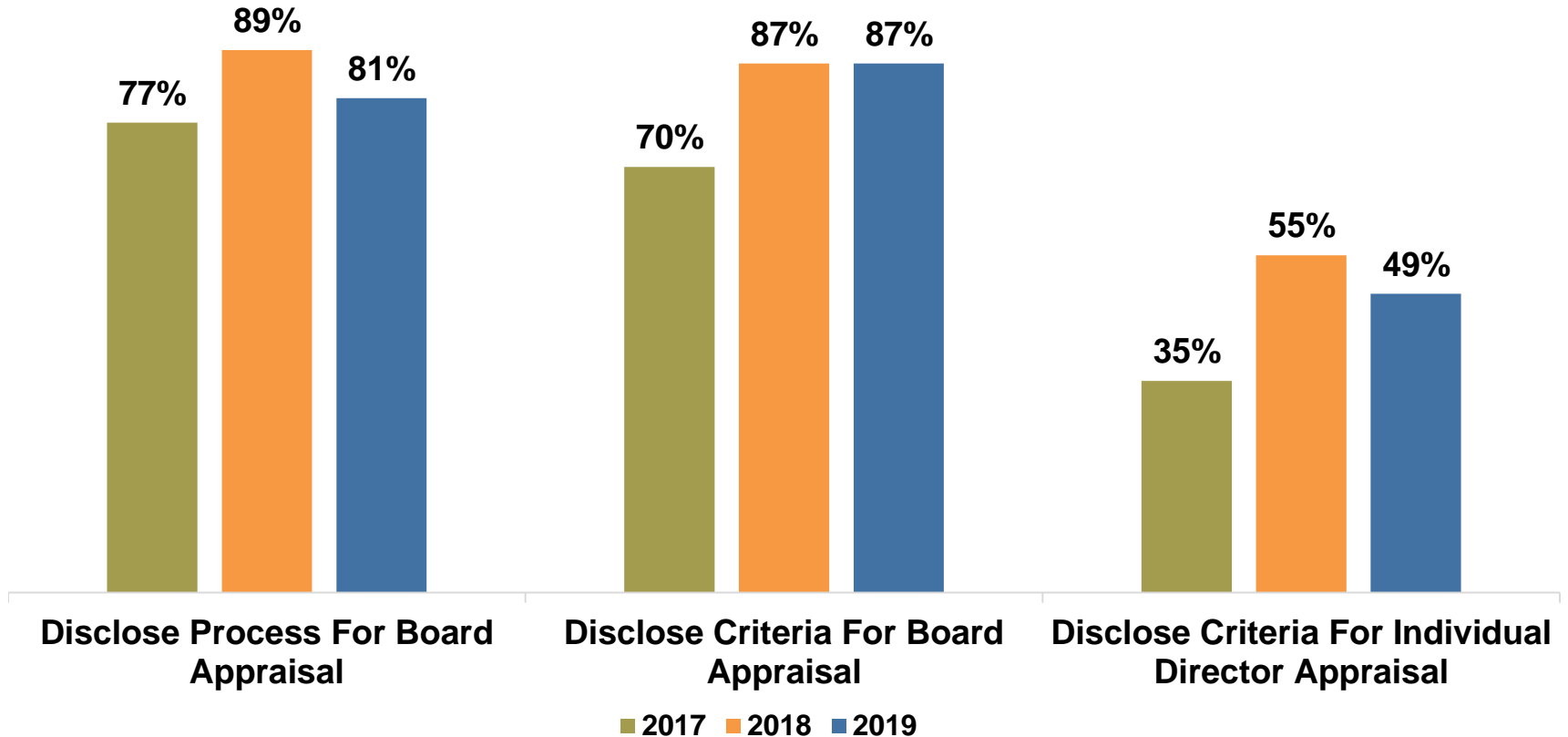
Committee Composition & Internal Controls

Disclosure & Transparency

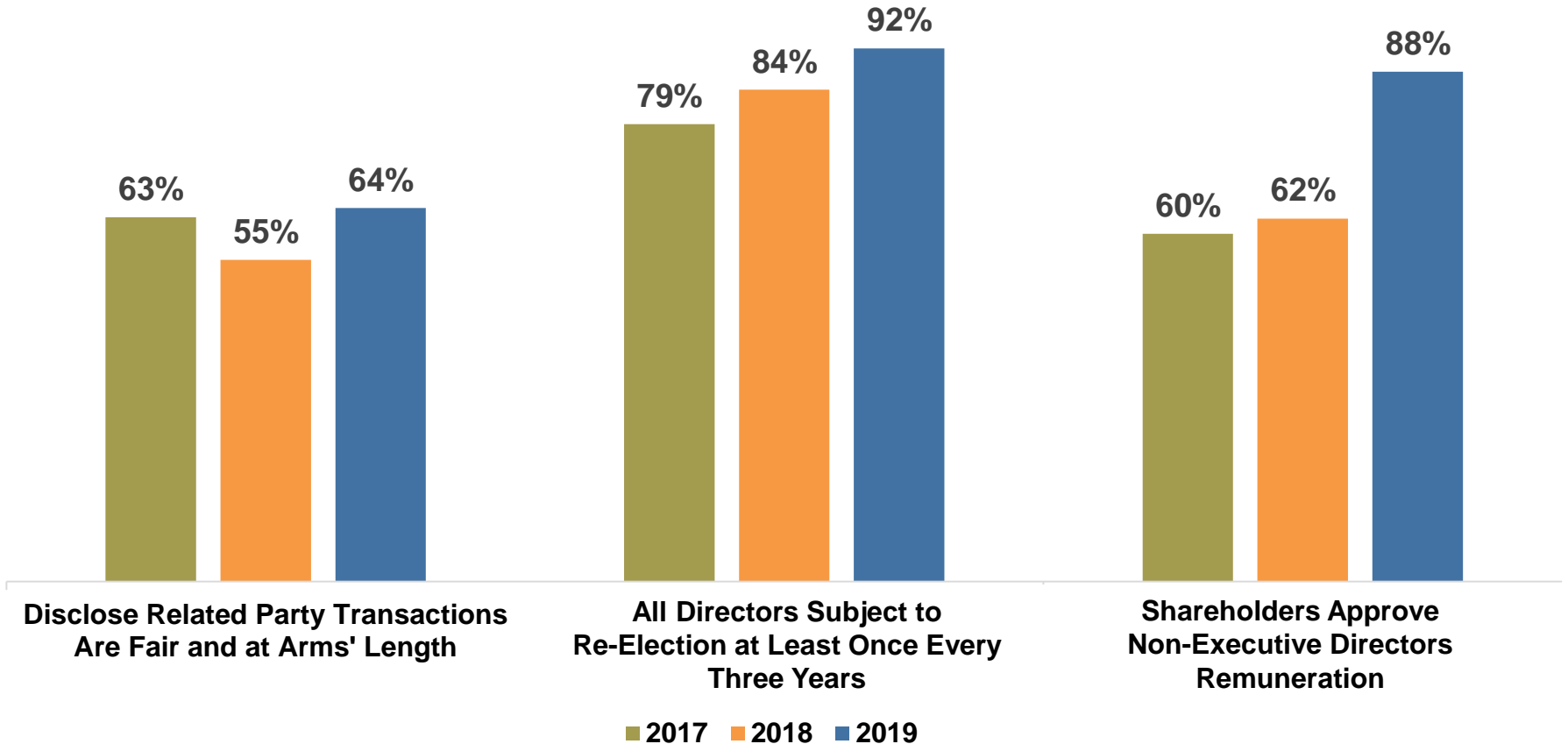


Director Tenure

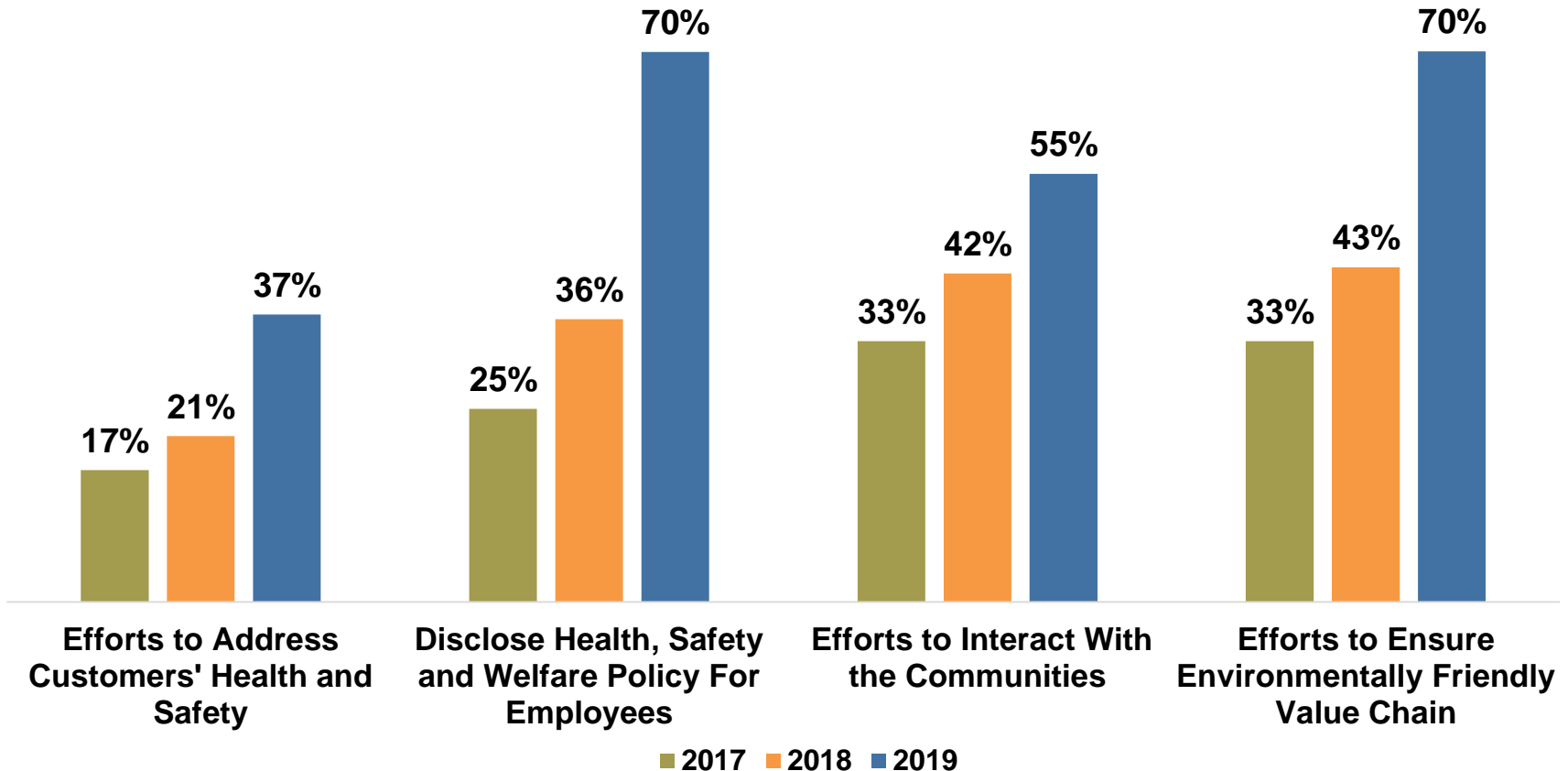
Board Responsibilities: Board & Director Appraisals



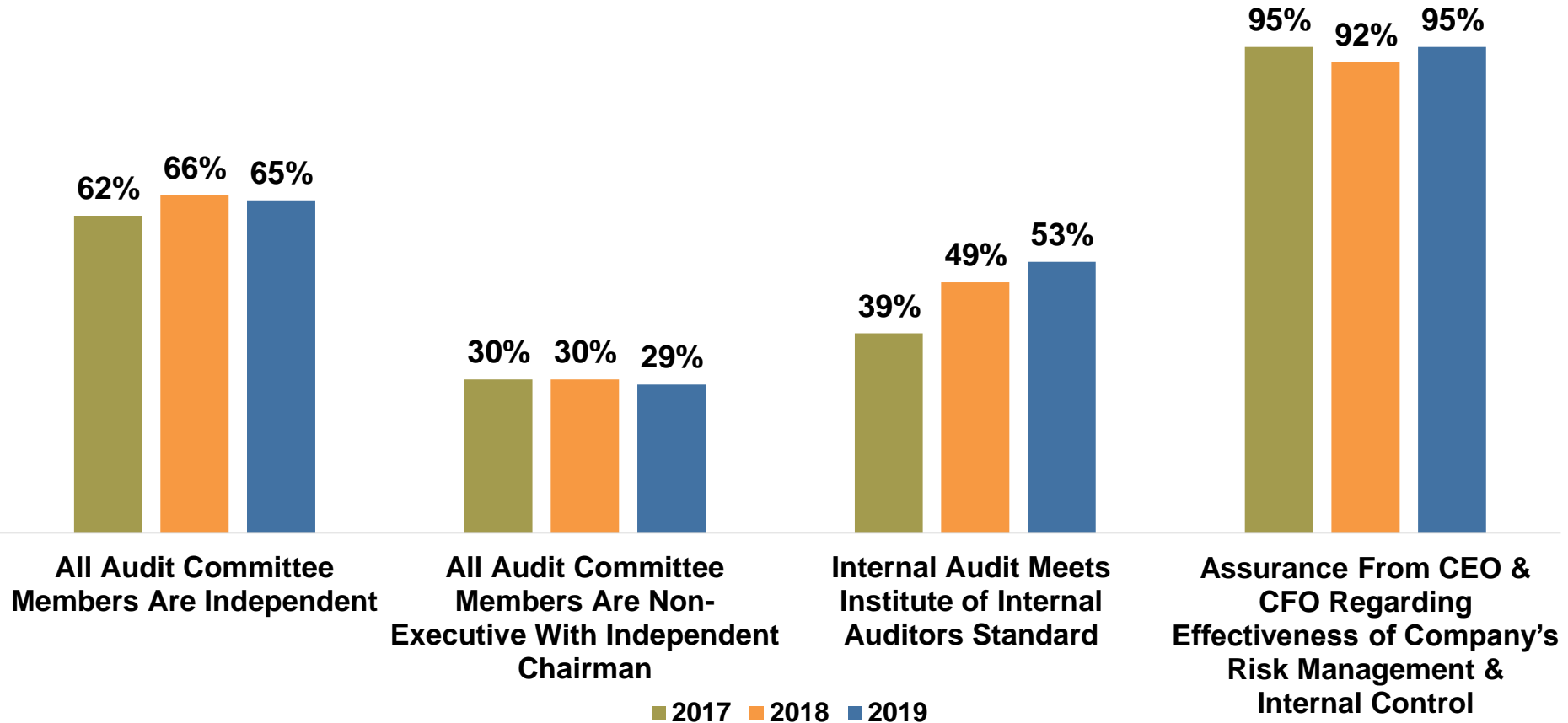
Rights of Shareholders: Shareholders' Information & Participation



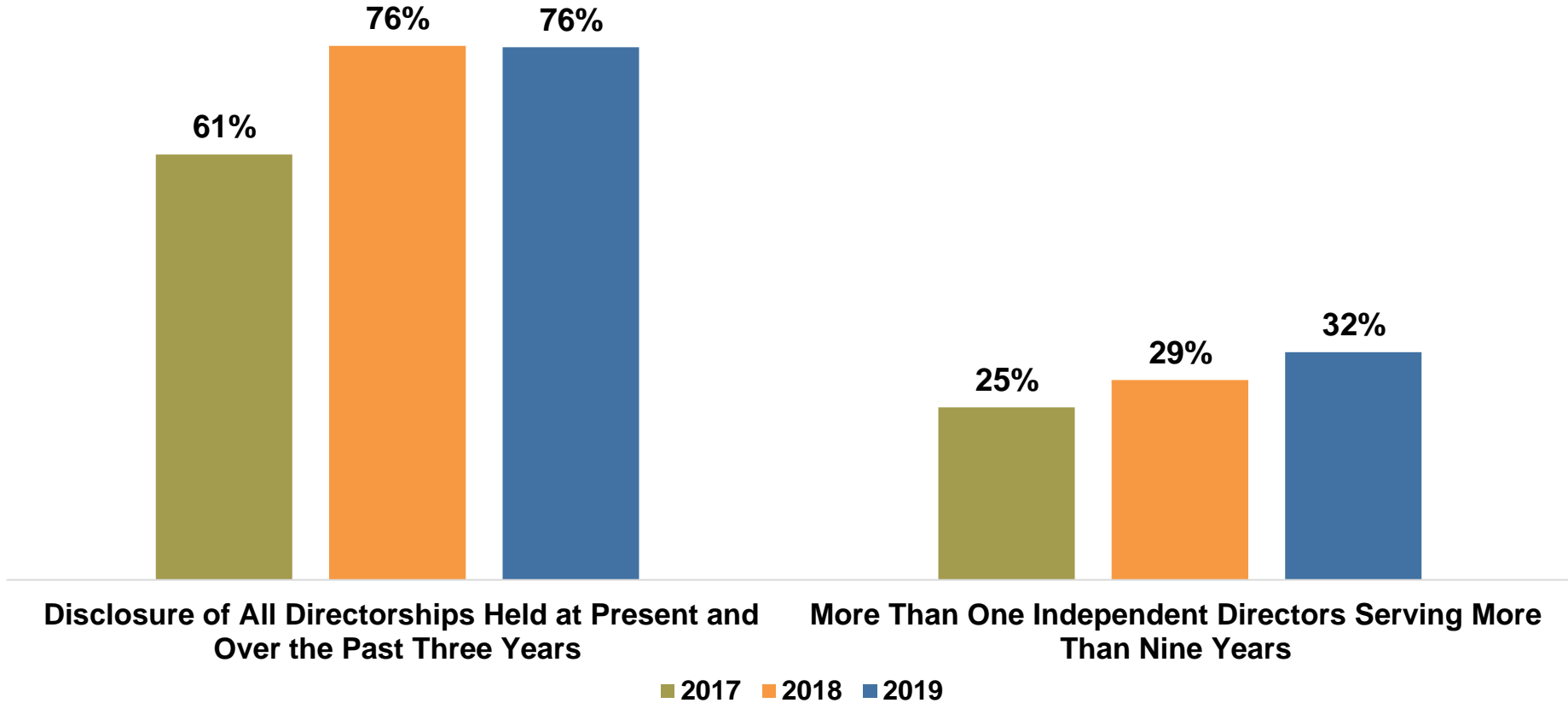
Engagement of Stakeholders: Sustainable Policies & Practices



Accountability & Audit: Committee Composition & Internal Controls



Disclosure: Director Tenure



SGTI Framework – REITs & Business Trusts

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

Board Responsibilities

Rights of Shareholders

Engagement of 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

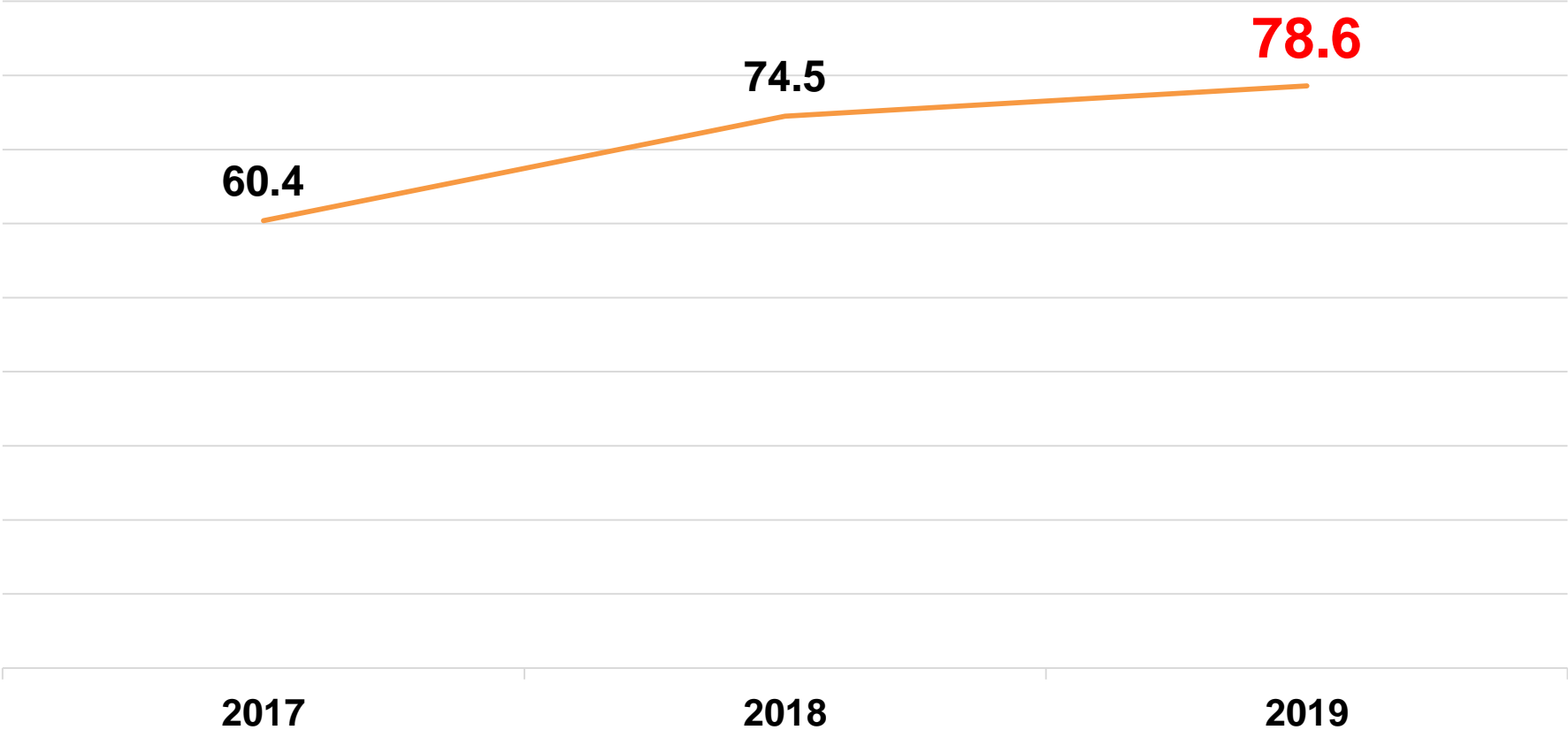
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Adjustments for Bonus & Penalty (43 points)

=

Overall SGTI Score (143 points)

Mean Score Trend - REITs & Business Trusts



Key Findings – REITs & Business Trusts

Structure

➔ Choice (2%) & Removal of Trust Manager (35%)

Leverage

➔ Gearing Policy (83%) & Credit Rating (35%)

Interested Person Transactions

➔ Reviews Significant IPTs (76%)

Competency of Trust Manager

➔ CEO & Director Experience (37%)

Emoluments

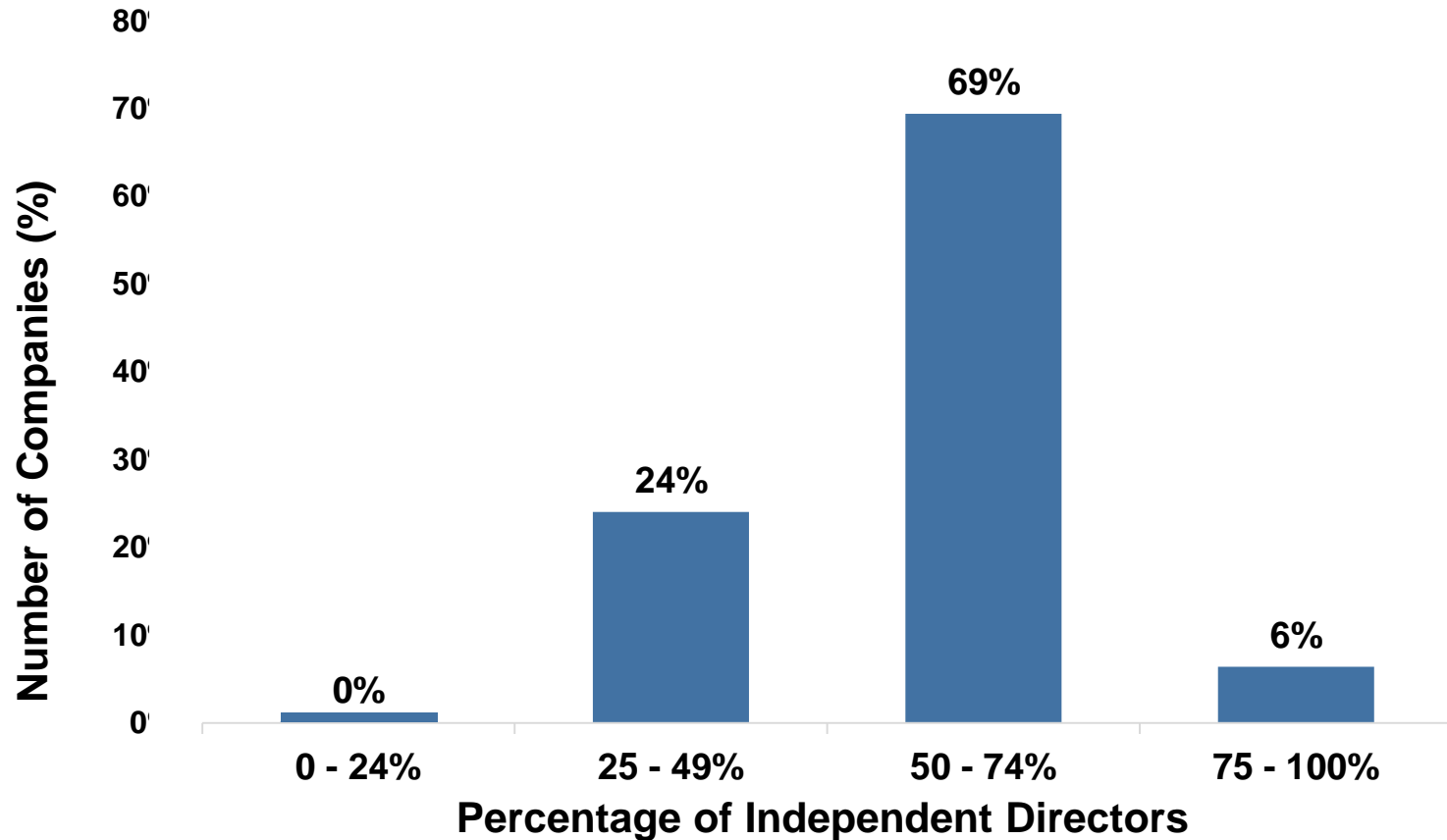
➔ Disclose Base Fees (96%)

SGTI 2019 - Looking Forward

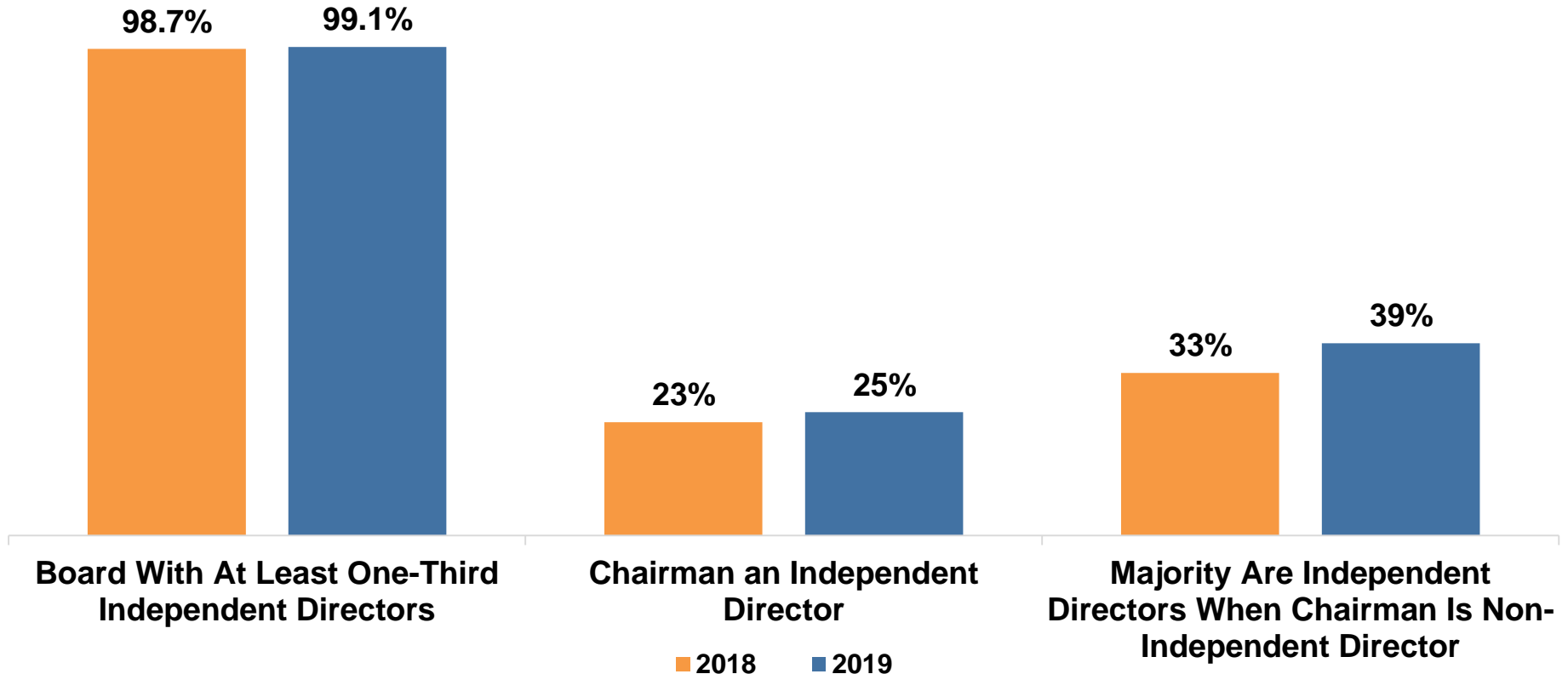
Board Structures

Corporate Practices

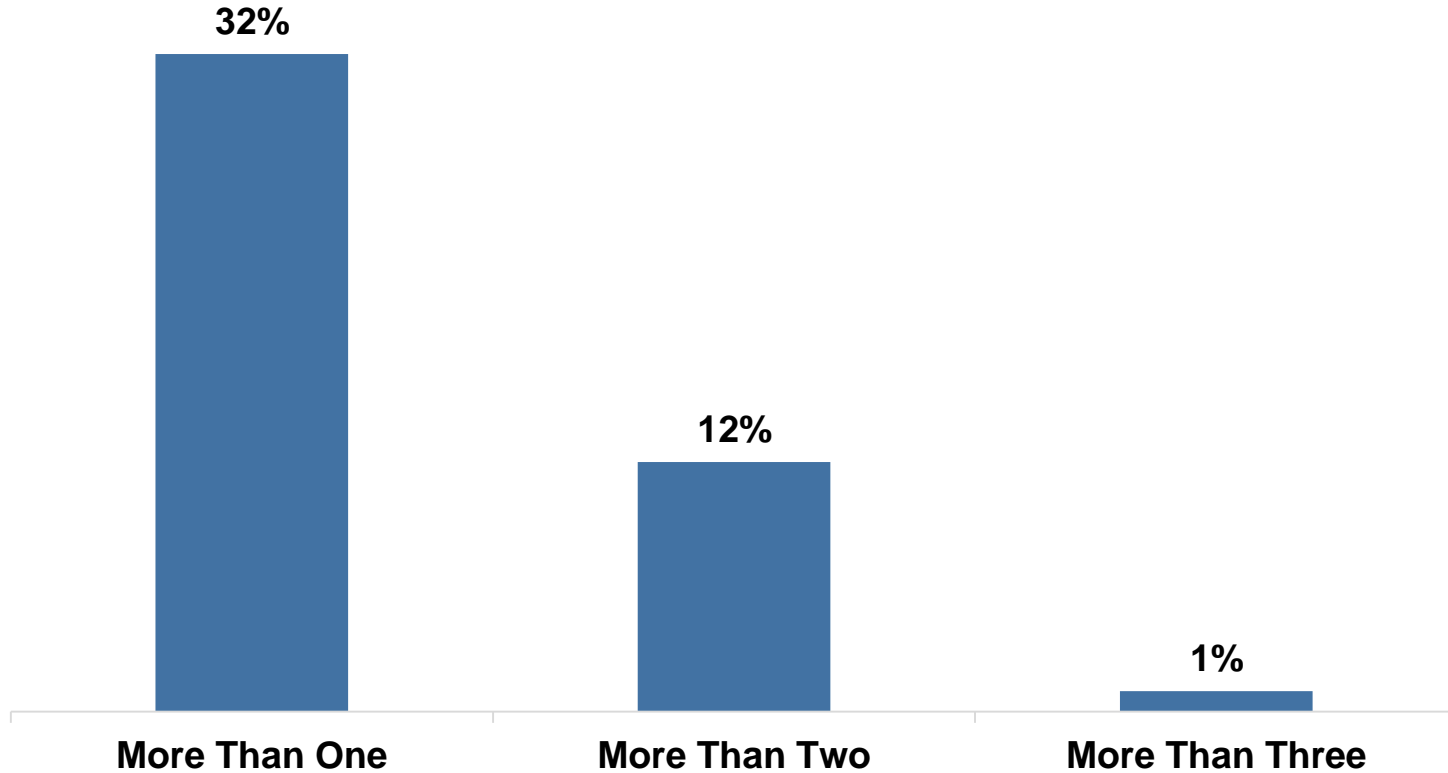
Board Independence



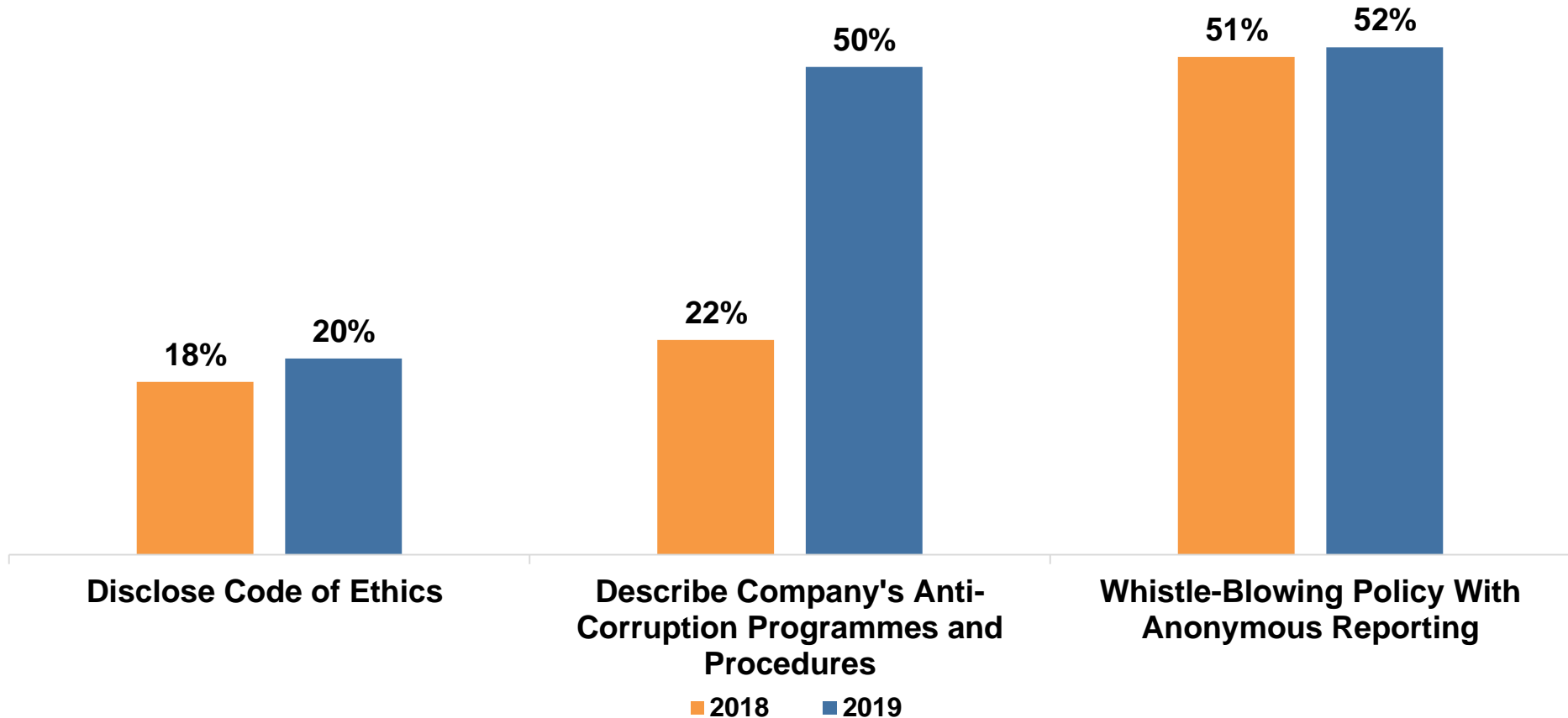
Chairman and Director Independence



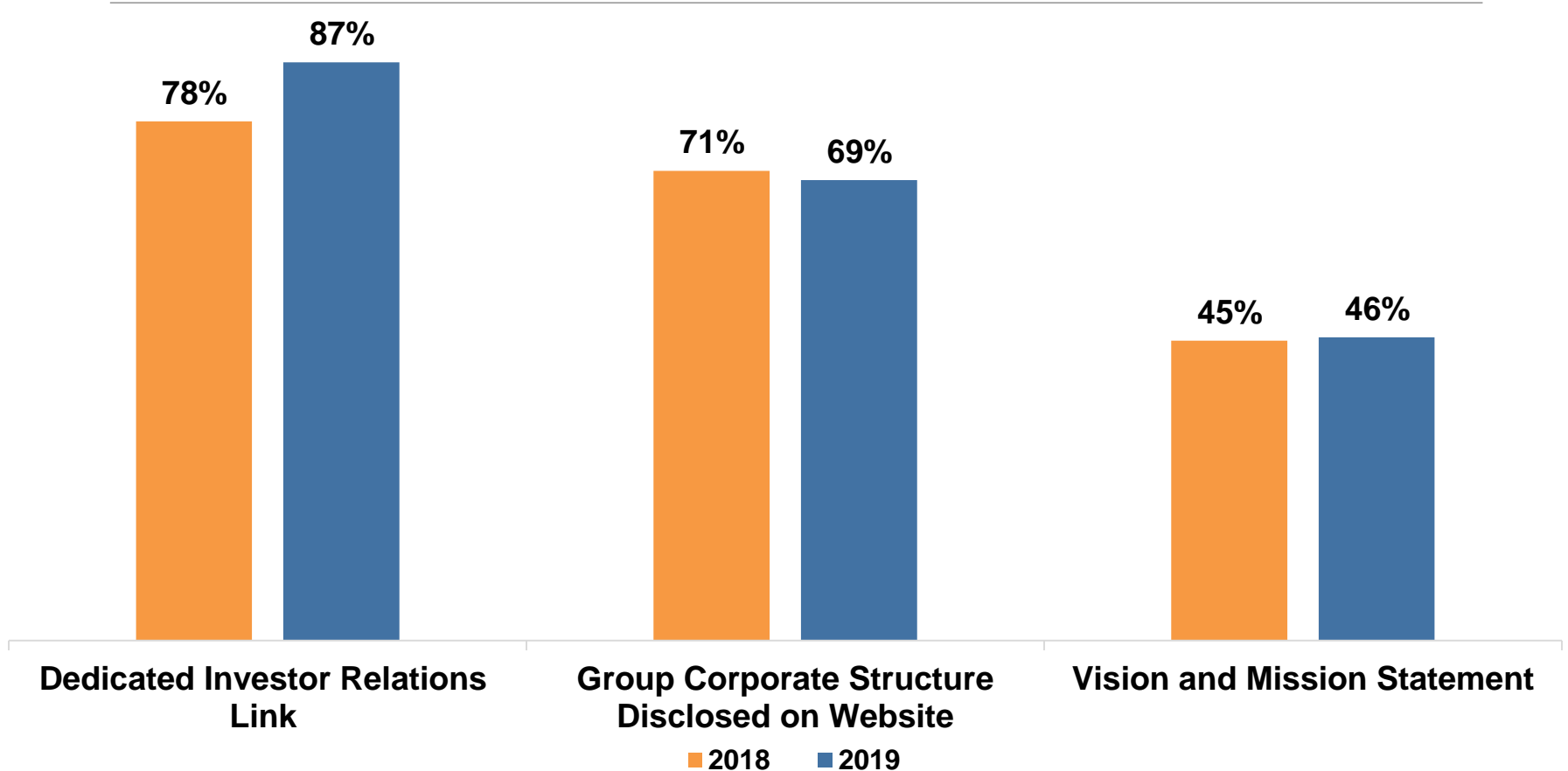
Independent Directors Serving More Than Nine Years



Business Integrity



Investor Relations



Validation: SGTI Ranks & Scores Shown on SGX Website



Securities

Fixed Income

Derivatives

Indices

Research &

Home > Securities



SingTel (Z74 / STEL.SI)

Industry: Services Communications Services

This company reports in this currency: SGD

▼ 3.510

-0.03 / -0.847%

As at 15 Jul 2019 04:26 PM

Prices & Chart

Day Week Month 1 Year 5 Years



Source: Singapore Exchange (SGX)

As at 15 Jul 2019 04:28 PM

Governance & Transparency Index (GTI) ⓘ

GTI Year	Rank	Score ⓘ
2018	1	129
2017	1	124
2016	1	124
2015	1	118
2014	2	115
2013	2	112
2012	1	111
2011	1	109
2010	1	103
2009	1	94

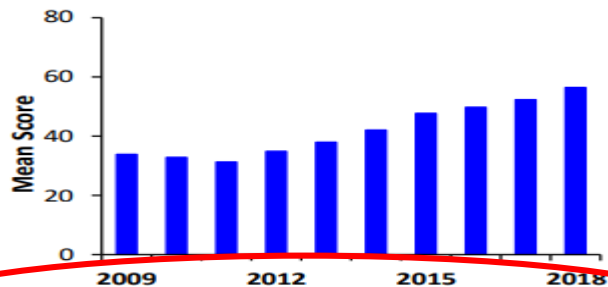
News

Governance & Transparency Index (GTI)

Consensus

Validation: SGTI Data Used by MAS Financial Stability Review

Chart 3.14
State of Corporate Governance Disclosures



Source: NUS Centre for Governance, Institutions and Organisations (CGIO)

SMEs optimistic on future prospects, banks remain supportive of SME financing

Business sentiment among SMEs has improved over the past year, but firms remain wary of rising uncertainties from ongoing trade tensions.¹¹⁵ According to DP Information Group, improved trading conditions have led to quicker settlement of debts for SMEs, with the average time taken to settle debts decreasing from 35 days in Q2 2017, to 33 days in Q2 2018.

Source: Financial Stability Review, Macroprudential Surveillance Department, Monetary Authority of Singapore (MAS), November 2018

Summary

1. SGTI 2019 reached all-time high scores of 59.3 (General Category) and 78.6 (REITs and Business Trusts)
2. Engagement of stakeholders notably rose to a score of 53% from last year's 38%. More companies adopted sustainable policies and practices.
3. However, there are areas of concerns:
 - Only 39% had IDs as majority on boards when chairman is non-ID
 - One-third (32%) had more than one IDs serving more than nine years
 - One-fifth (20%) disclosed code of ethics
 - Only 50% described company's anti-corruption programmes and procedures
 - Some 52% adopted whistle-blowing policy with anonymous reporting

Summary

Looking forward for new corporate governance landscape:

- The foundation of board structures in place
- The pillar of IDs requires attention
- The practices in business integrity need improvements