

Corporate Governance Roundup

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2022 Board Director Survey

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- The 2022 Board of Directors Survey is **SID's 12th edition** on findings relating to the practices of listed companies in Singapore, based on the responses provided by **150 listed companies** (23% response rate)
- The previous survey was carried out in 2019, shortly after changes to the Corporate Governance Code and SGX Listing Rules were announced - we can now see how a number of companies have reacted to these changes
- The 2022 Survey also highlights how companies intend to comply with certain new regulations
- As was the case in the 2021 Directorship Report, the 2022 Survey shows a positive trajectory, but there is still work to be done in some areas

- **Board succession planning**
 - Most boards prefer to use personal contacts (96% of respondents) to identify potential candidates for directors
 - The number of boards using executive search firms or the SID board appointment services have increased significantly when compared with 2019 results, but less than 30% of the respondents do so.
 - Compliance with the 9-year rule remains an issue. 35% continue to have IDs who have served more than 9 years, and a majority of them (67%) intend to put them up for vote at their 2022 AGMs.
 - Trend amongst the mid-cap/small-cap companies to extend their IDs

- **Board diversity**
 - Most boards have a board diversity policy in place (78% of respondents) but only 53% intend to increase the diversity of their board
 - Expertise, gender and age are the top diversity issues that board consider
 - Continued improvement in numbers in terms of gender diverse boards. Regrettably, 34% respondents still do not have a single female on the board

- **Greater focus on sustainability**
 - Almost all companies are reporting on sustainability, but on 54% have sustainability related KPIs. Fewer still have KPIs tied to compensation and rewards
 - In terms of professional advice sought, 60% of respondents say that they have sought advice on ESG/sustainability.
 - In terms of training provided to directors, 49% of respondents say that they have arranged for training on sustainability and 58% of respondents say that they need training on sustainability.

- **Board strategy**
 - There was an increase in percentage terms for companies that held at least one board strategy session – from 37% (2019) to 44% (2022)
 - What is troubling is that amongst those who do not hold a strategy session, most (mainly small cap and mid cap companies) cite that they have left it to management to develop and execute strategy.
 - Sustainability matters have become a more important focus for the boards when compared to previous surveys. But not in top 5 yet.

- **Remuneration**

- There continues to be strong resistance (from small cap to big cap companies) to conform to the Code of Corporate Governance and SGX Listing Rules on detailed disclosures on compensation
- Only 53% disclose detailed remuneration of each individual director and the CEO on a named basis
- 94% of those non-disclosing firms (70 of the respondents) say they do not intend to make disclosures within the next 2 years
- They cite confidentiality, poaching, prevent upward pressure on pay and concerns over staff morale as reasons for not disclosing

thank
you