

Driving Sustainability Through Governance

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Findings of the Singapore Governance and Transparency Index 2022

Presented at the Singapore Governance and Transparency Forum

Agenda

- 1. Background**
- 2. General Category**
 - a. General Performance**
 - b. Sustainability: Emerging and Embedding**
 - c. Sustainability: Relating and Levelling**
- 3. REIT and Business Trust Performance**
- 4. Governance as Impetus for Sustainability**
- 5. Summary**

SGTI Partnership

A Collaboration Between



Centre for Governance and Sustainability
NUS Business School



Strategic Media Partner

THE BUSINESS TIMES

SGTI Advisory Panel

Ms Rachel Eng

Managing Director, Eng and Co LLC

Mr Loh Hoon Sun

Senior Advisor, Phillip Securities Pte Ltd

Mr Max Loh

Managing Partner (Singapore & Brunei), EY

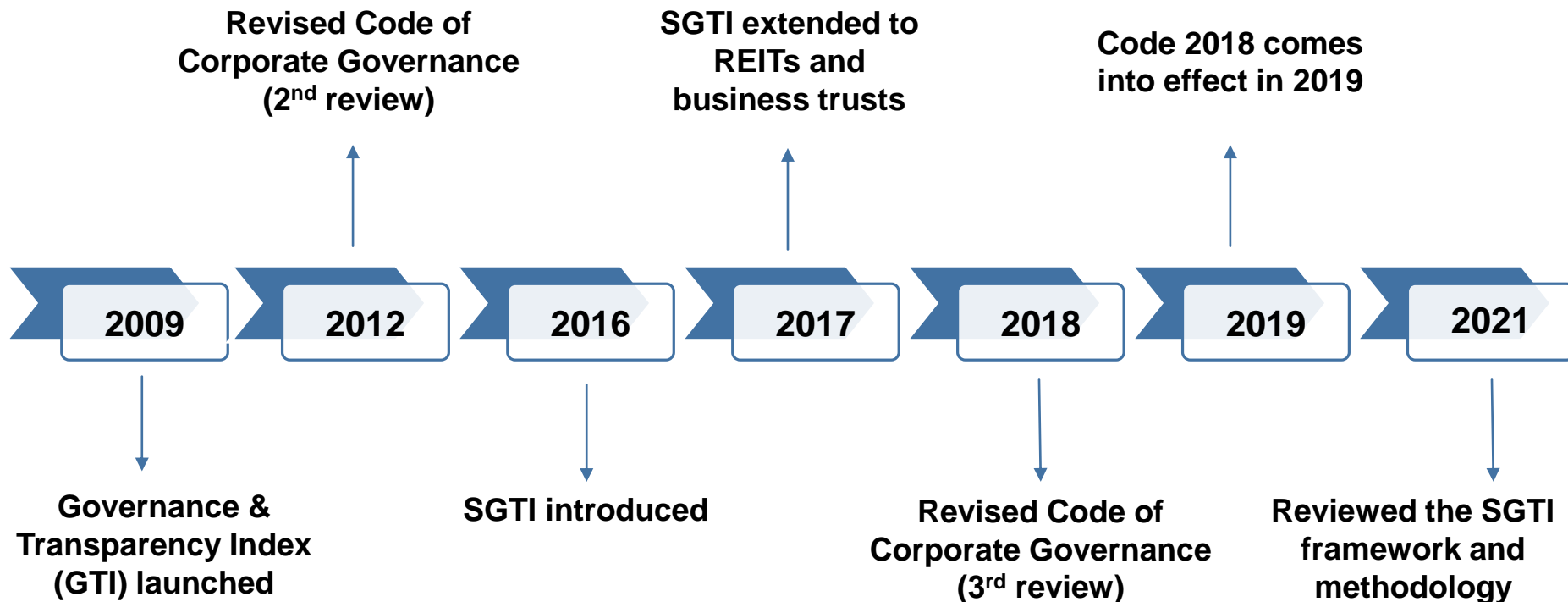
Mr Low Weng Keong

**Past Global President & Chairman of the
Board, CPA Australia**

Mr Wong Wei Kong

Editor, The Business Times

Corporate Governance Milestones



SGTI Coverage

General Category (489)

Excluding 261 companies:

- 11 newly listed
- 29 secondary listings
- 42 funds
- 64 suspended from trading
- 2 annual report not released for 2 years
- 89 delisted
- 24 others

REITs & Business Trusts (44)

Excluding 10 Business Trusts and REITs

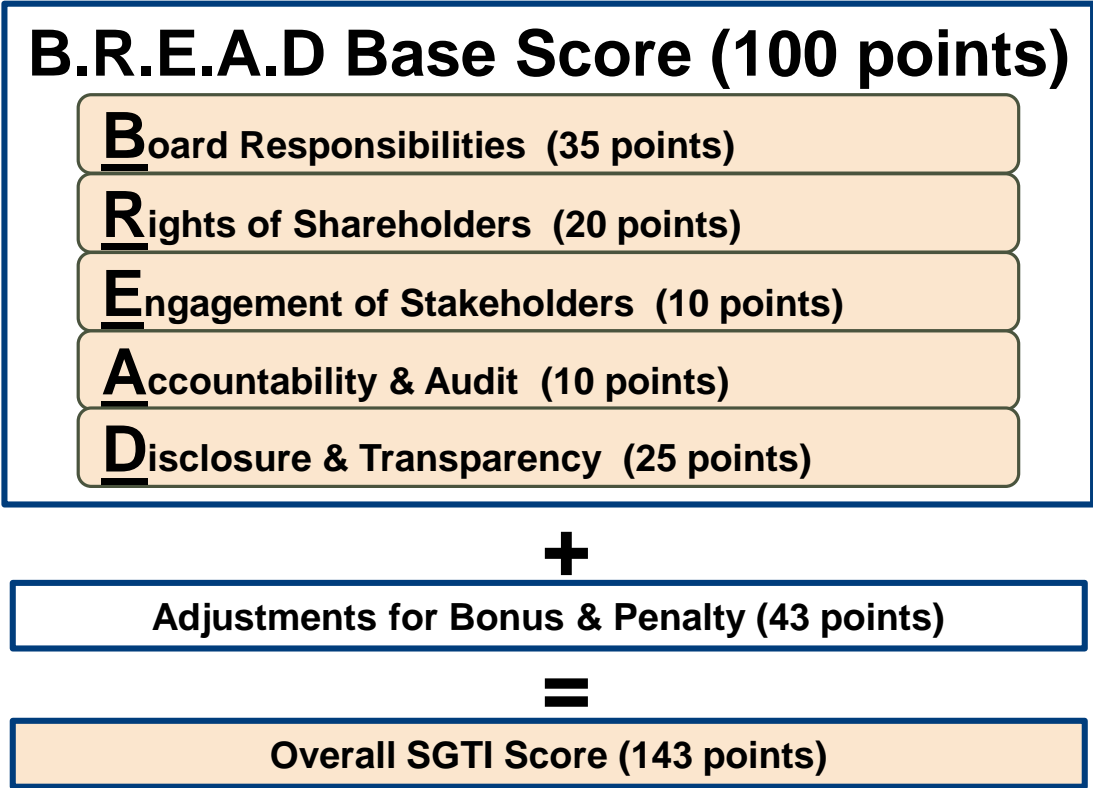
- 2 newly listed
- 2 suspended from trading
- 6 delisted

Note:

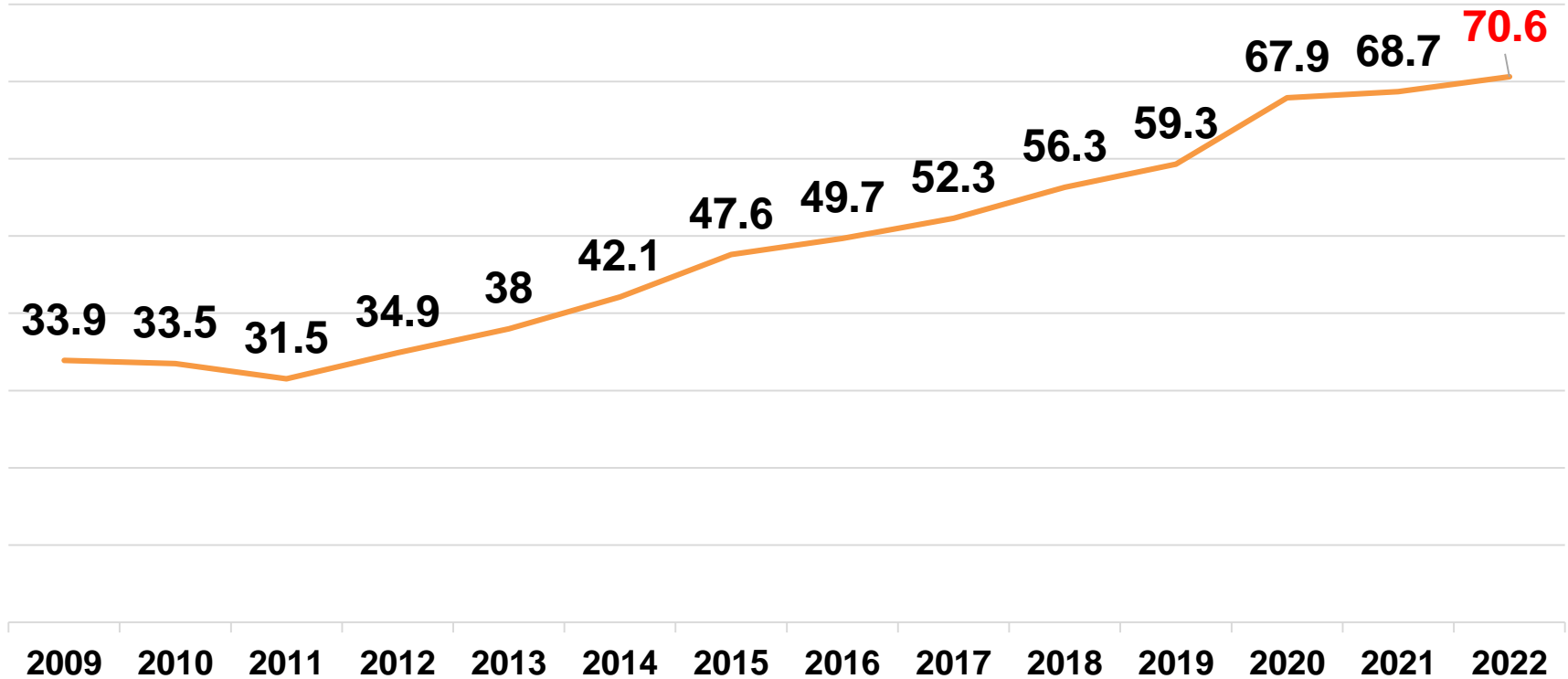
SGTI 2022 assessed companies based on their annual reports for Financial Year 2021 released by 31 May 2022.

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

SGTI Framework – General Category



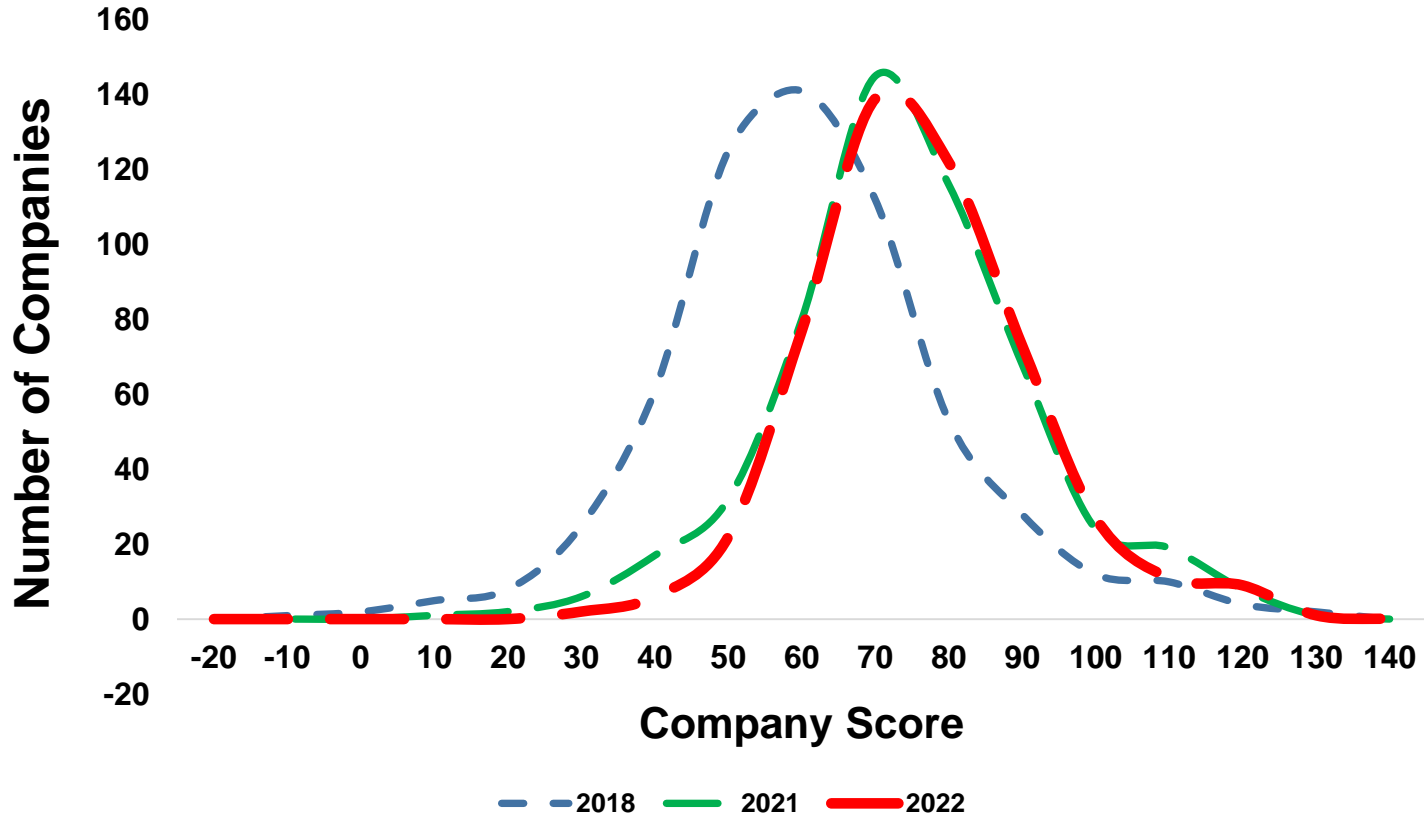
Mean Score – General Category



Score Change Breakdown

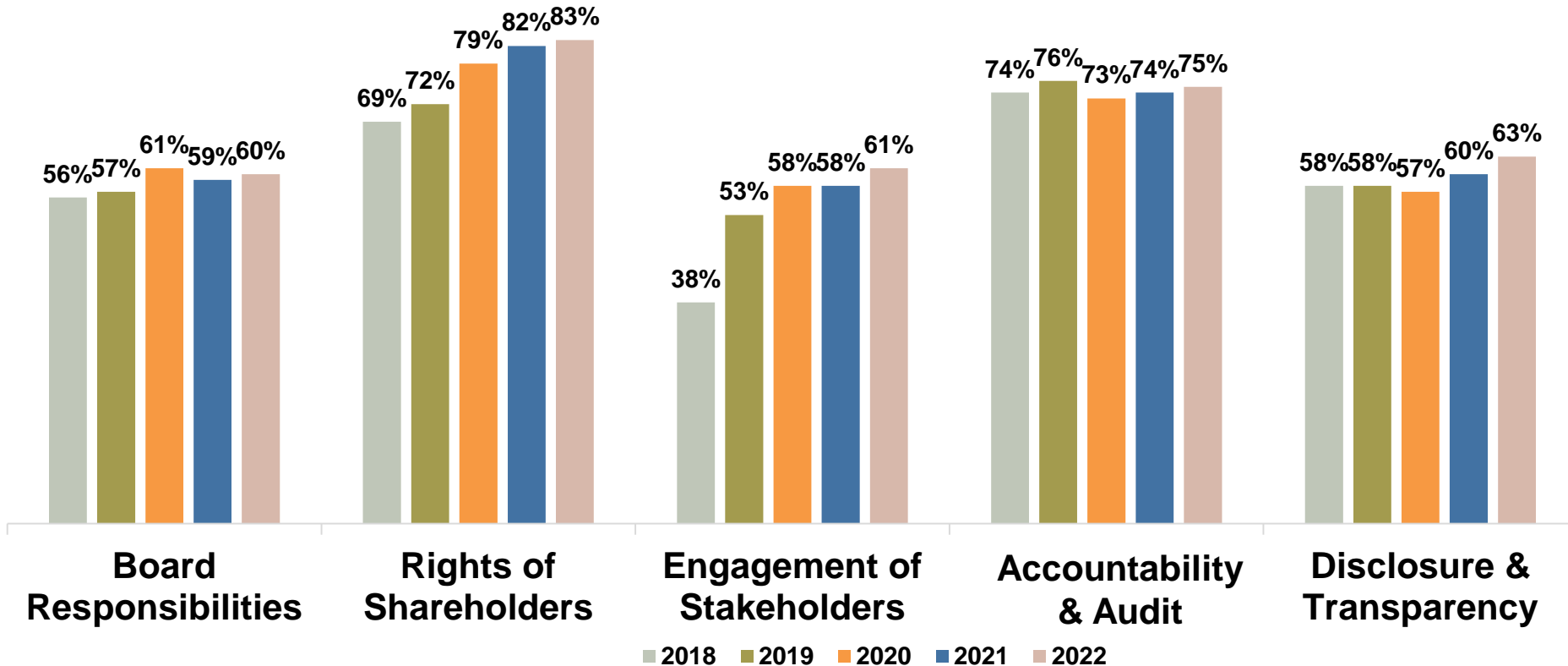
SGTI 2022				SGTI 2021			
Base SGTI 2022 Score	Bonus	Penalty	Overall SGTI 2022 Score	Base SGTI 2021 Score	Bonus	Penalty	Overall SGTI 2021 Score
66.3	13.6	9.3	70.6	65.3	12.7	9.3	68.7

Score Distribution

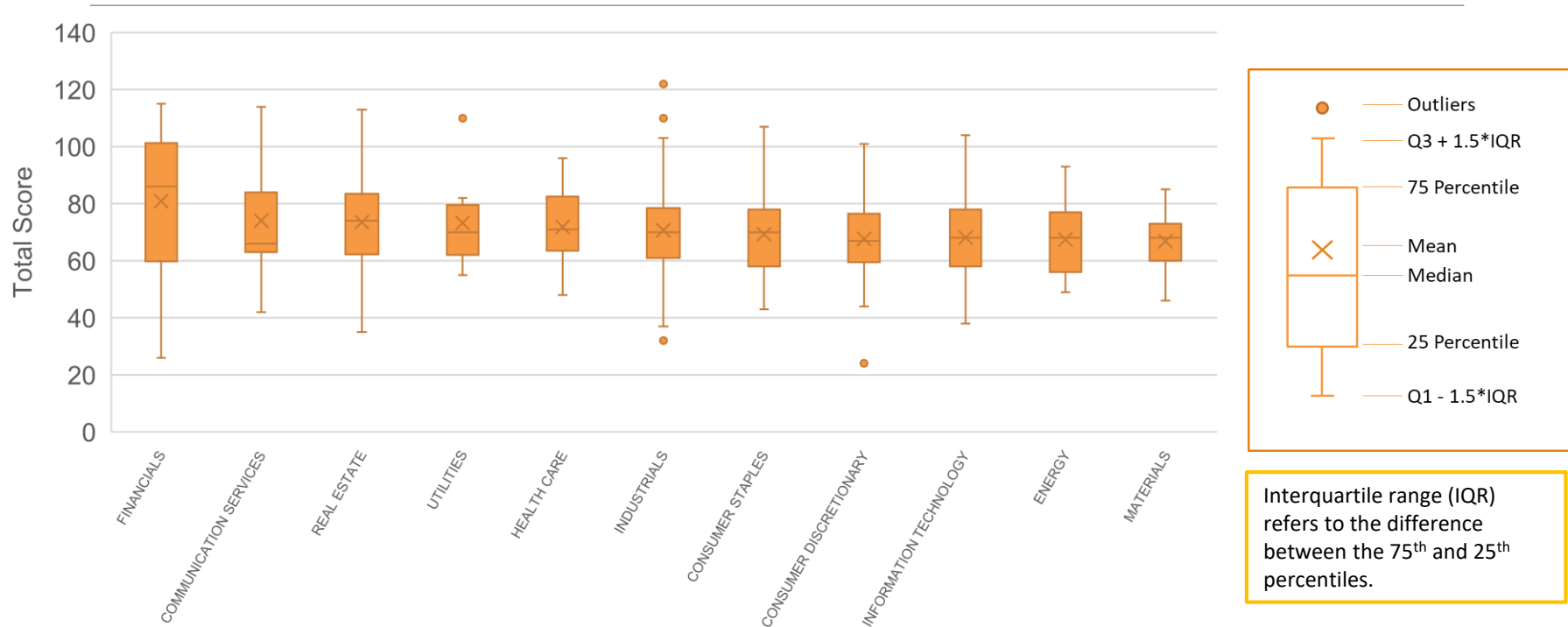


Sectional Scores

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

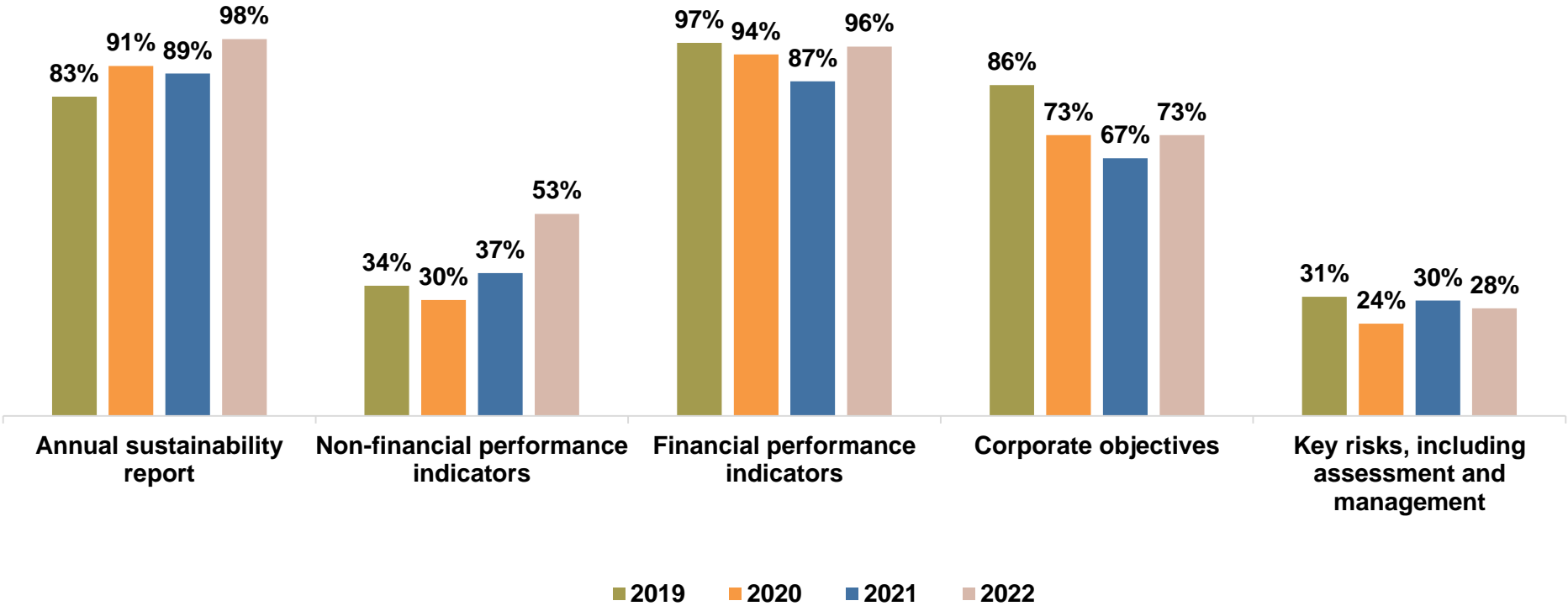


Industry Effect

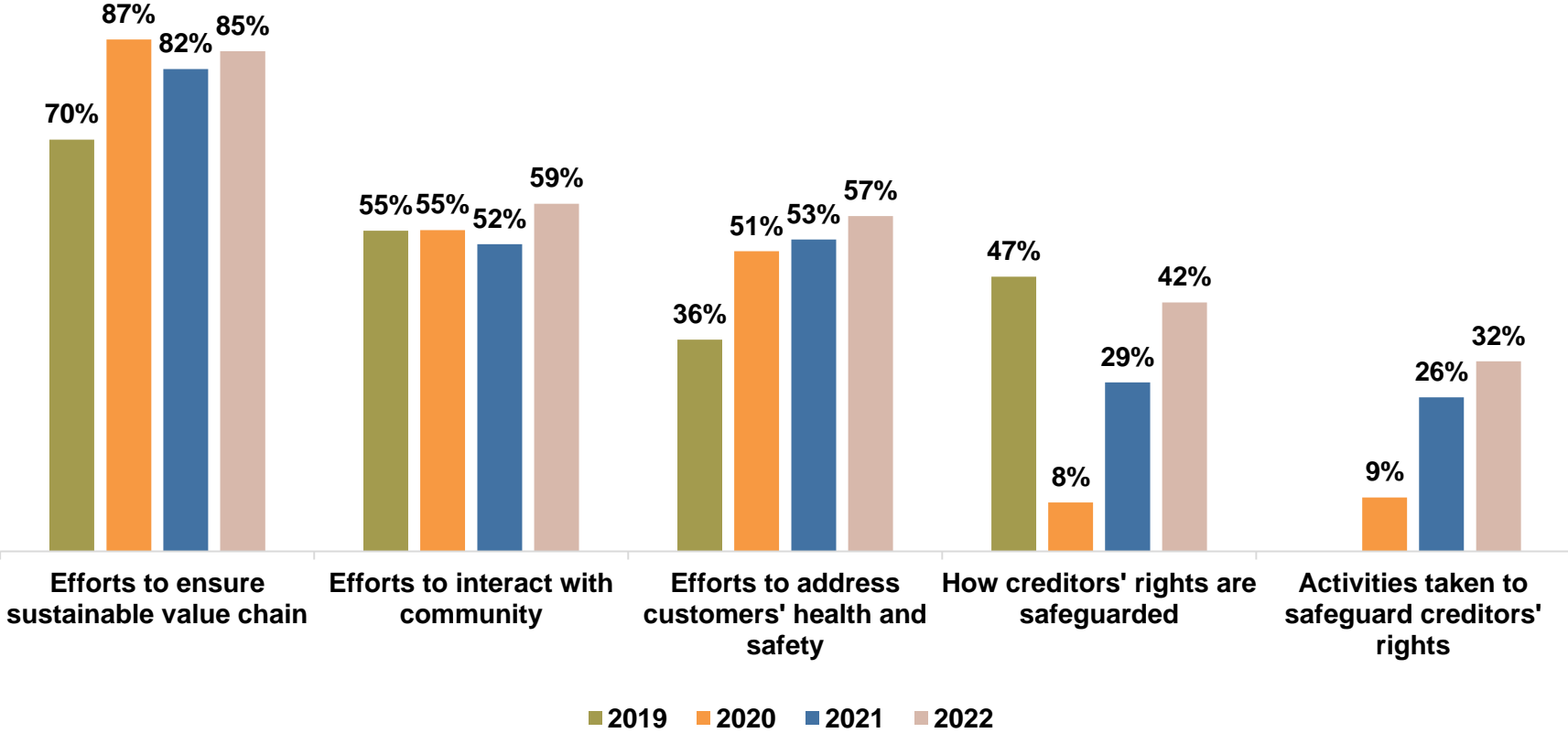


- On average, Financials companies had higher mean scores and higher variations in scores compared with those in other industries.

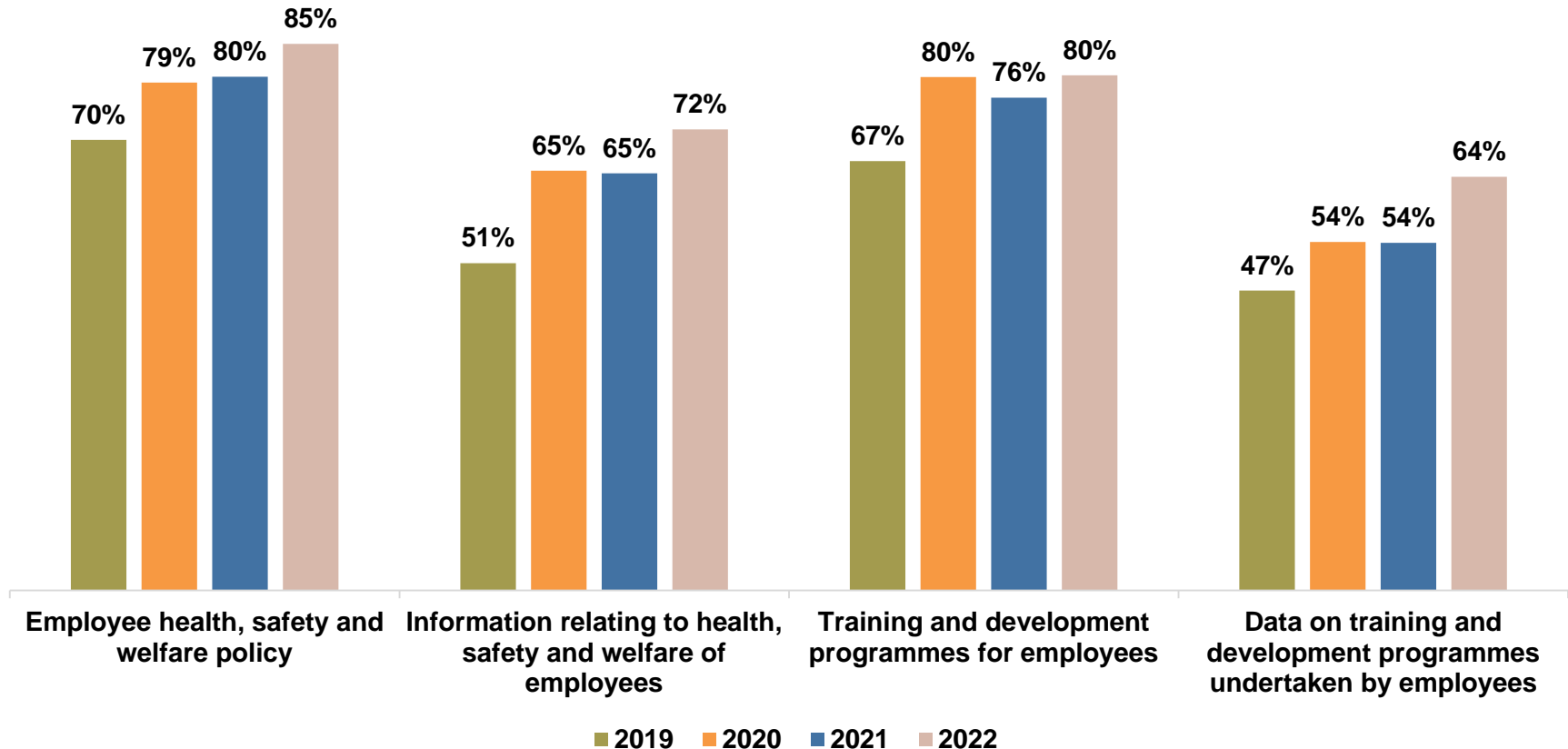
Sustainability-Related Disclosures: General



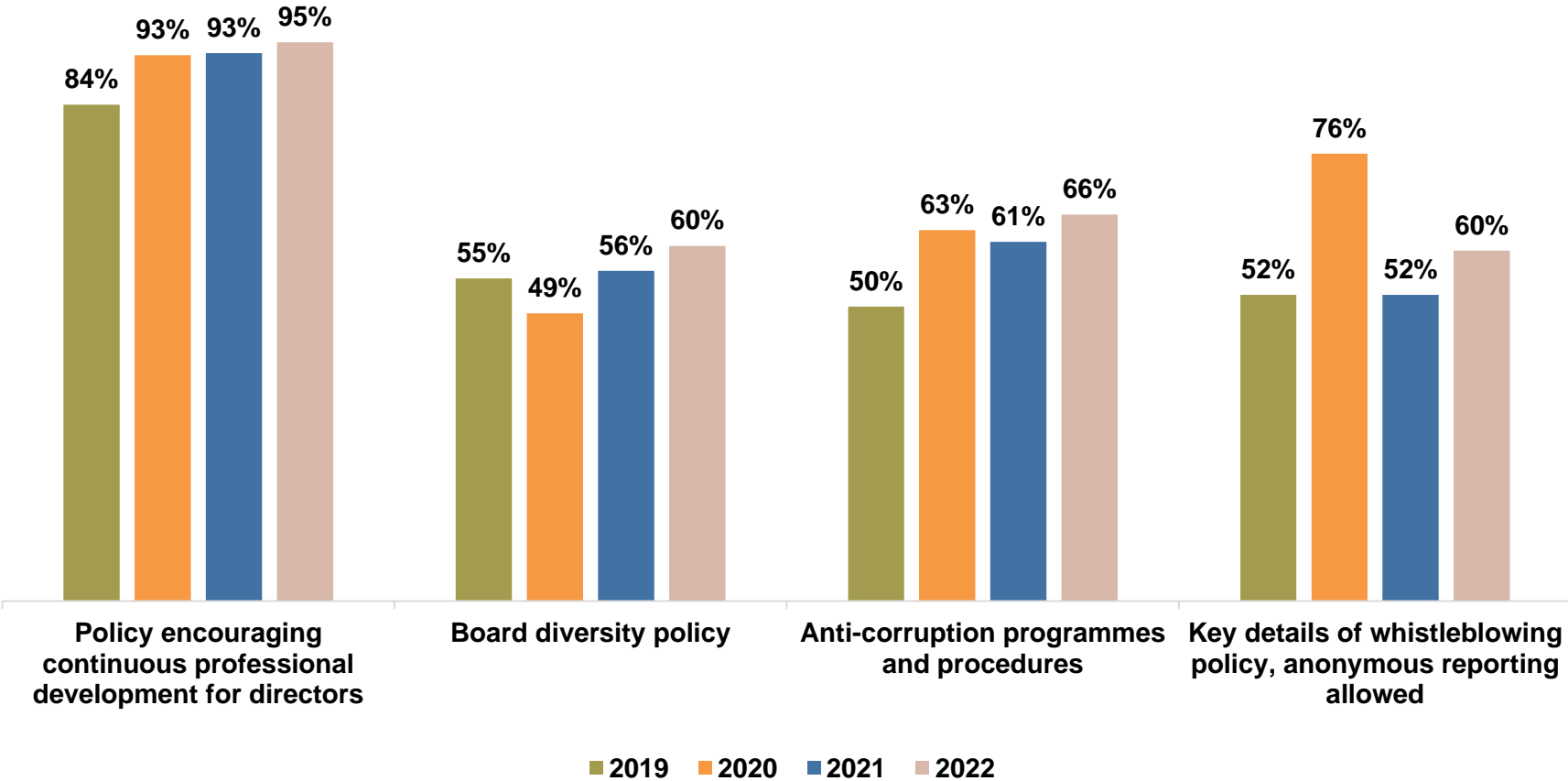
Sustainability-Related Disclosures: Stakeholder Relations



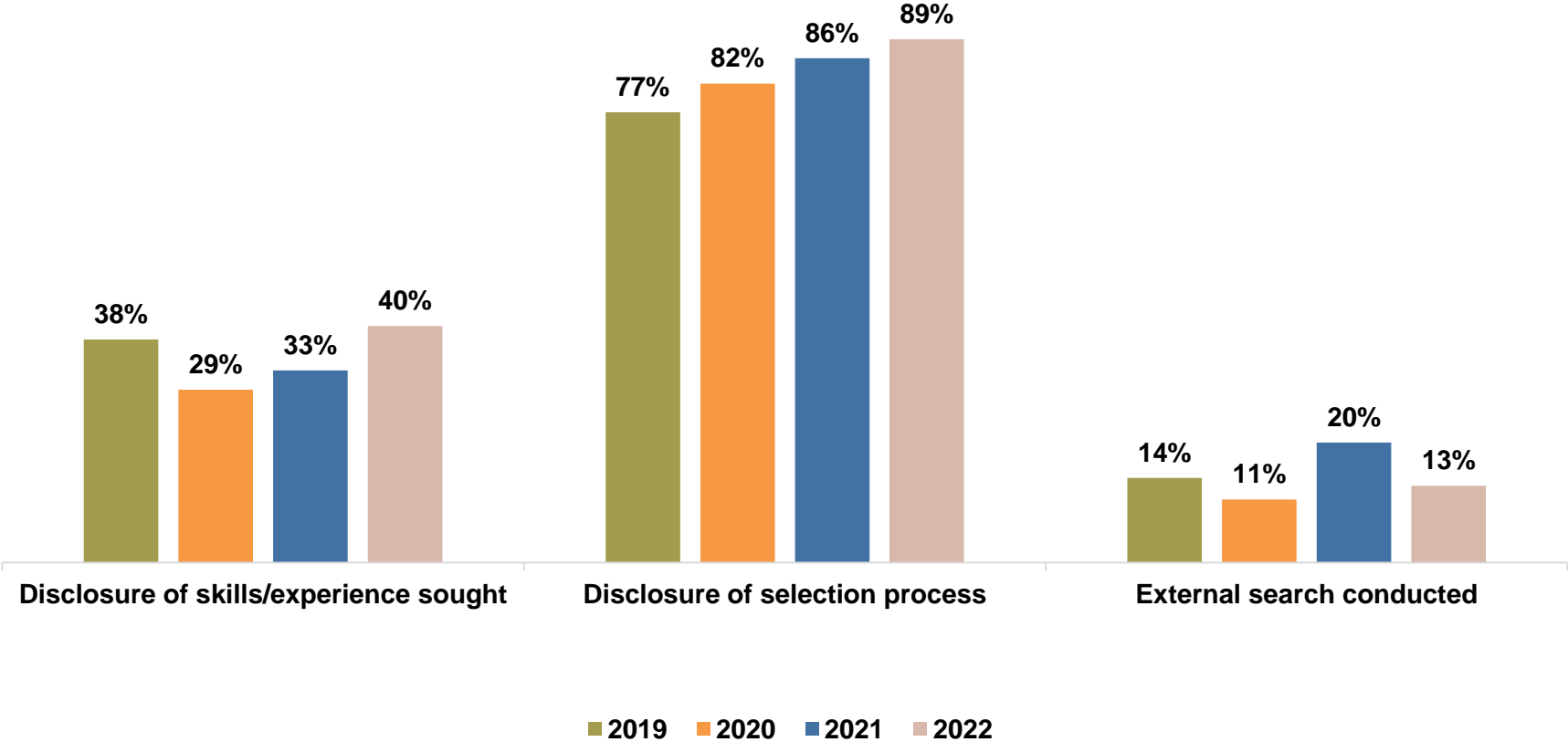
Sustainability-Related Disclosures: Stakeholder Relations (Employees)



Sustainability-Related Disclosures: Board Development and Integrity Measures

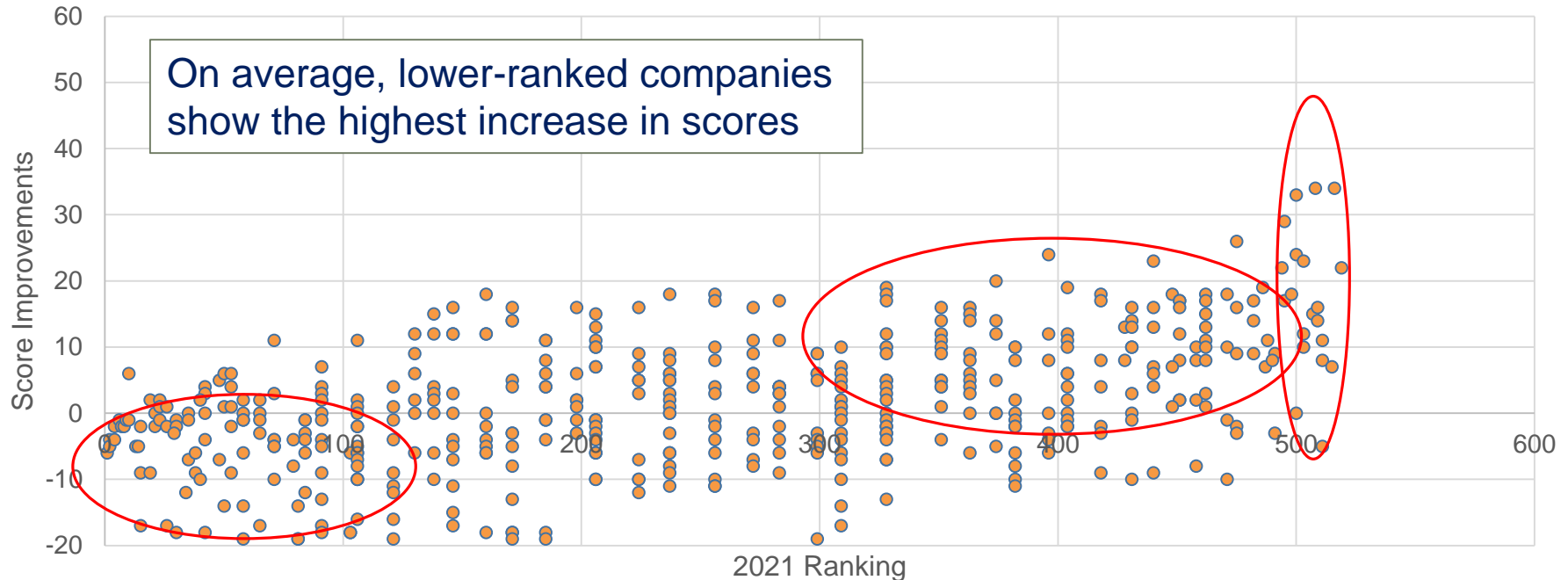


Selection of Directors



Range Effect

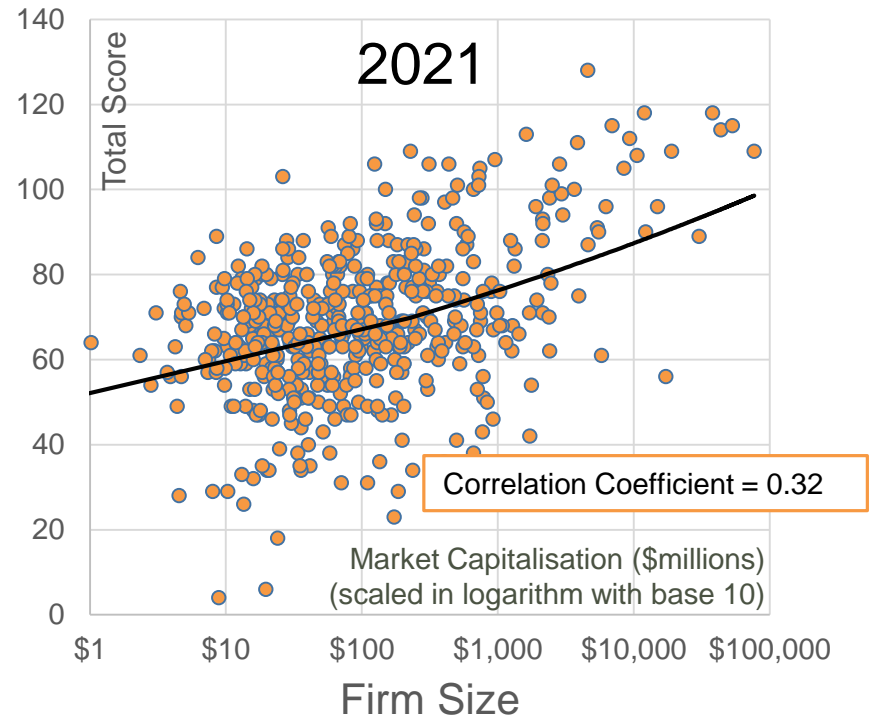
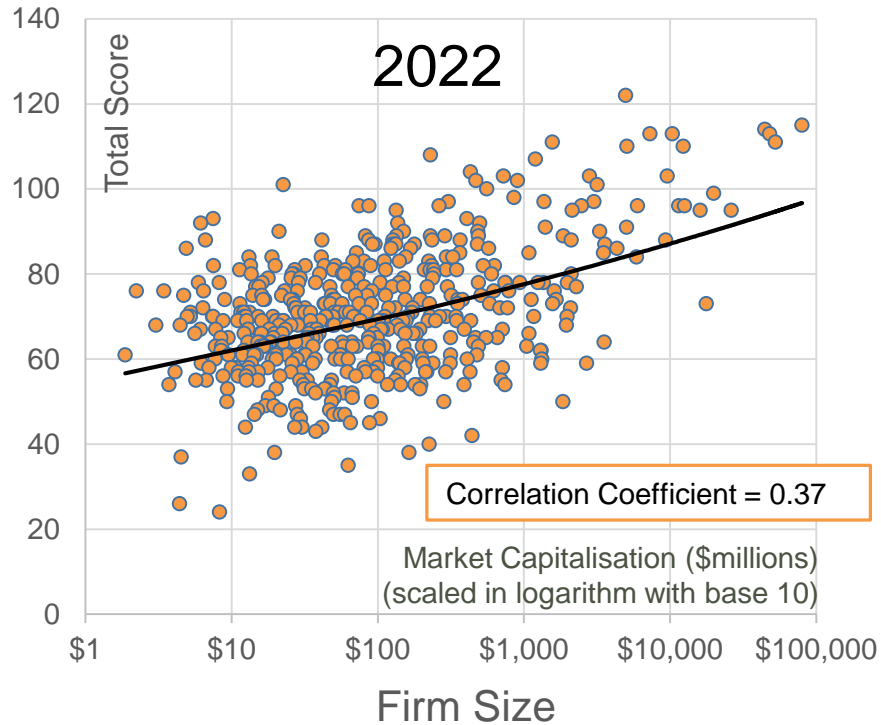
Score Improvements (from 2021 to 2022) against 2021 Ranking



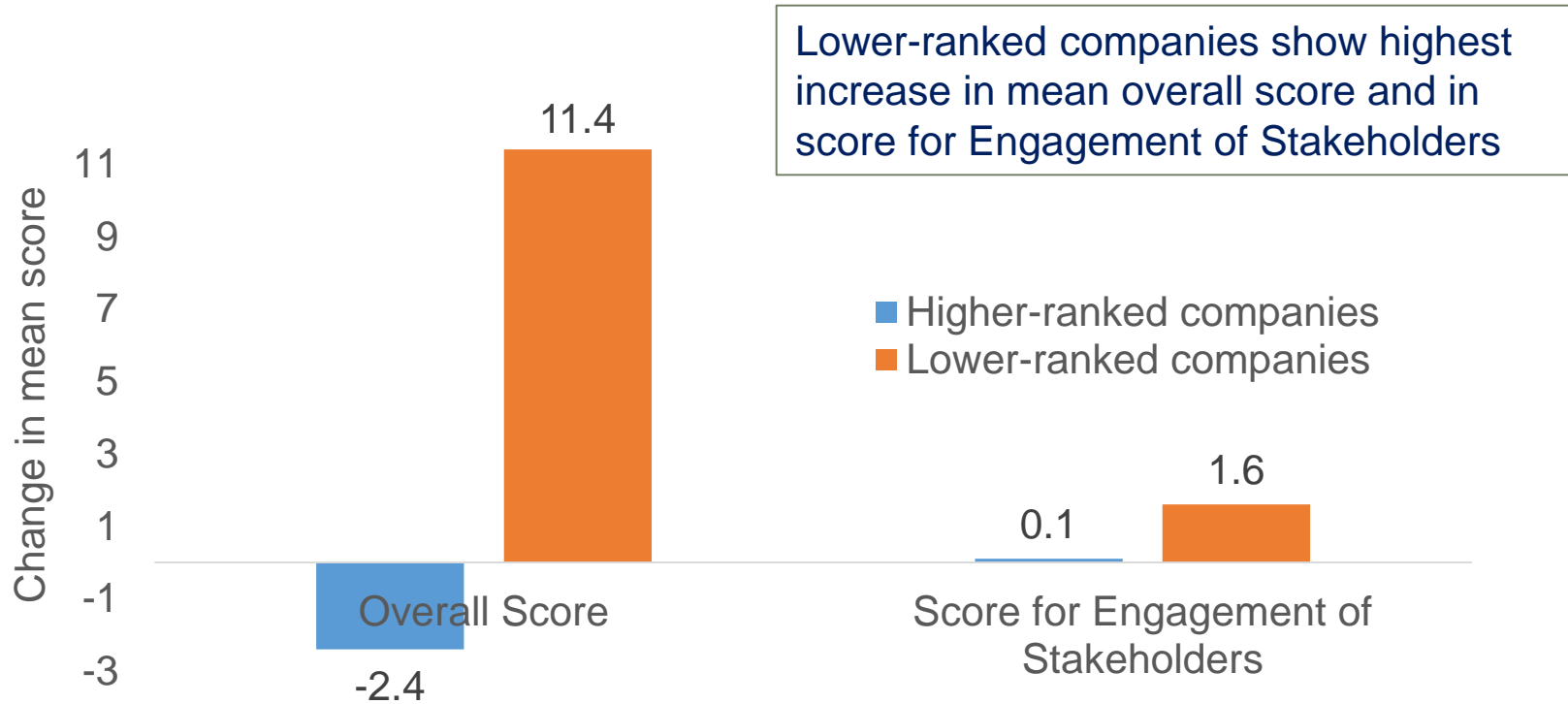
- Companies that were ranked top 100 in 2021 experienced an overall decrease in scores
- Companies that were ranked from 300 – 500 in 2021 showed a general improvement in scores
- Companies that were ranked the lowest in 2021 showed significant improvement

Size Effect

Weak relationship between firm size and performance is maintained



Performance by Ranking



SGTI Framework – REITs & Business Trusts

Normalised 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

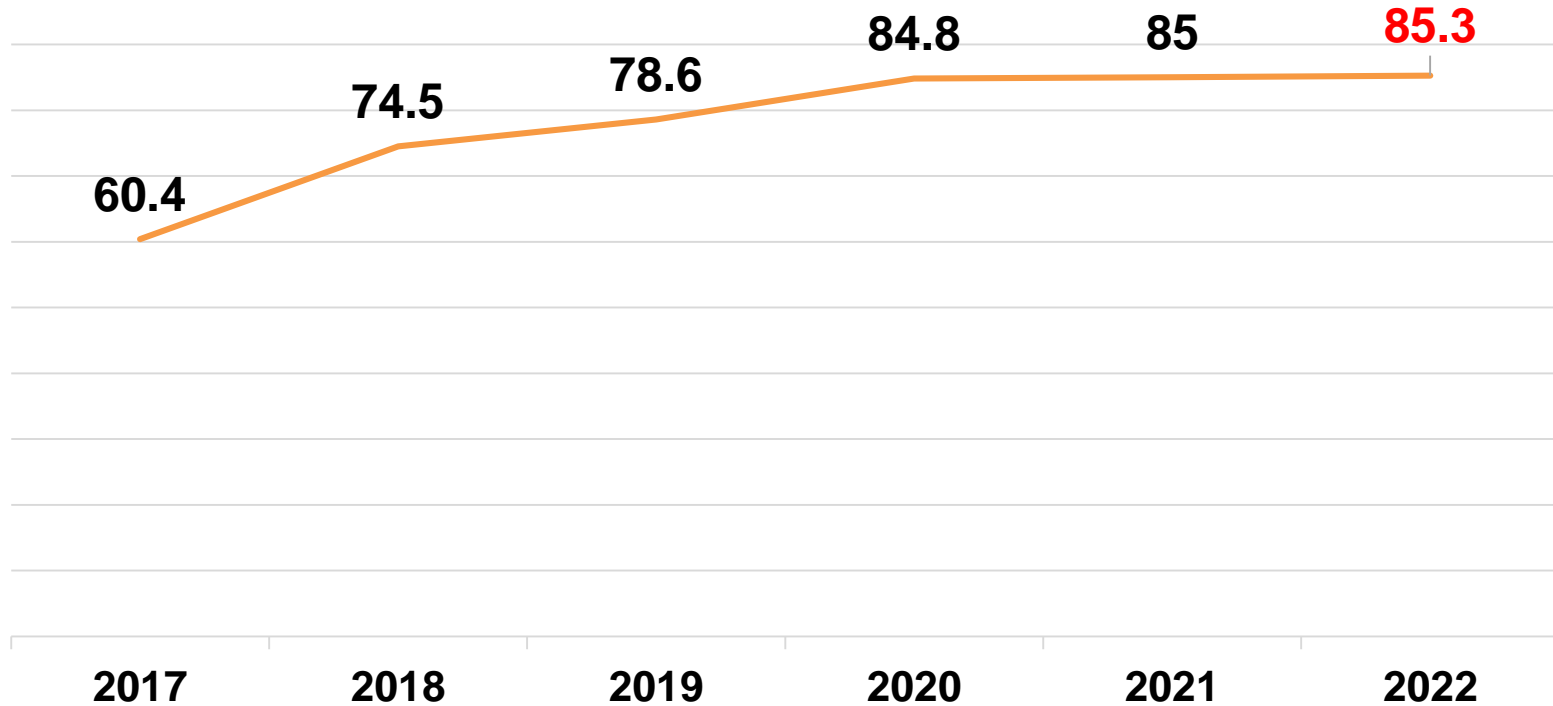
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Adjustments for Bonus & Penalty (43 points)

=

Overall SGTI Score (143 points)

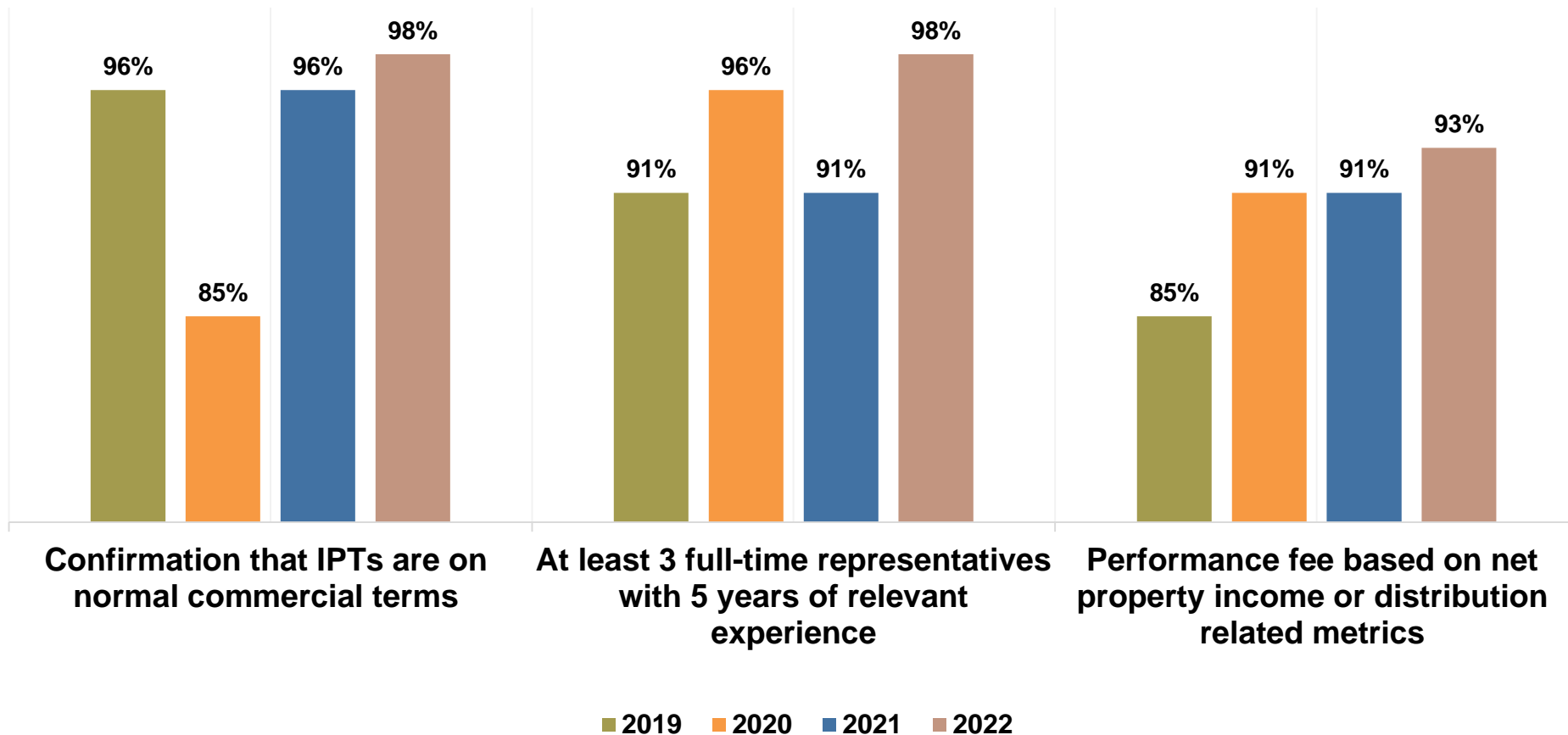
Mean Score – REITs & Business Trusts



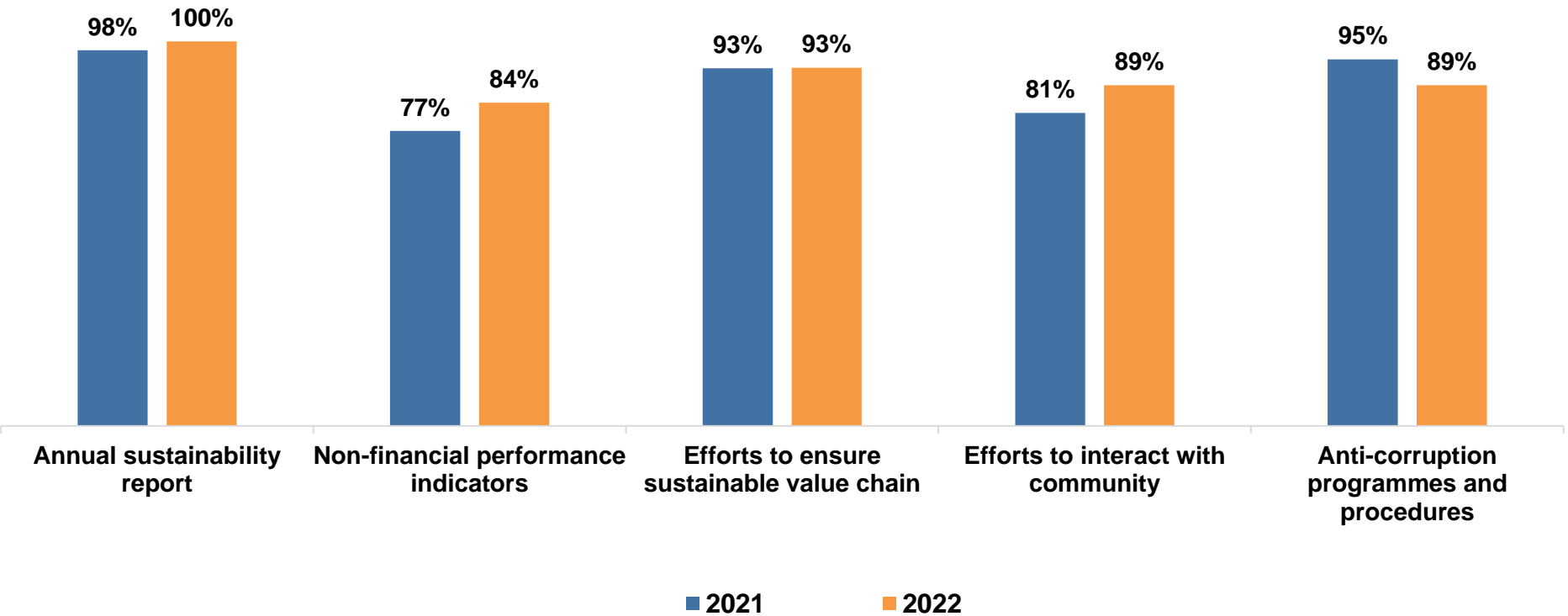
Score Change Breakdown – REITs & Business Trusts

2022				2021			
Base SGTI 2021 Score	Bonus	Penalty	Overall SGTI 2021 Score	Base SGTI 2021 Score	Bonus	Penalty	Overall SGTI 2021 Score
71.5	19.2	5.4	85.3	71.5	18.5	5.1	85.0

Key Findings – REITs & Business Trusts



Sustainability-Related Disclosures: REITs & Business Trusts

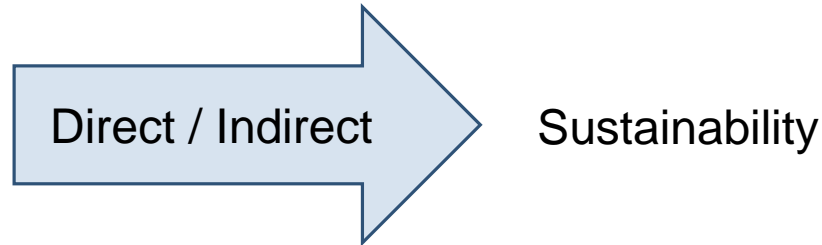


Governance as Impetus for Sustainability

Governance can drive sustainability

Aspects of governance such as:

- Board and board committee issues
- Risk management
- Shareholder rights



Sustainability is the 'cart', governance is the 'horse'

Summary

1. **SGTI 2022 increased** almost two points, **reached 70 points for the first time** (70.6 for General Category, 85.3 for REIT and Business Trust Category).
2. Average scores in each of the five BREAD sections rose. **Engagement of Stakeholders and Disclosure and Transparency had the highest increase.**
3. **Financials companies** had **higher mean scores** and **higher variations in scores.**
4. **Sustainability** practices and processes are **becoming embedded in Singapore companies.** There has been an **increase in ESG-related disclosures.**

Summary

5. **Fewer companies** report **conducting external search** for new directors. However this may reverse going forward, following the latest update to the Practice Guidance for the Code of Corporate Governance.
6. A **levelling effect can be seen** with **lower-ranked companies having higher average increases** in overall scores vs. higher-ranked companies. This is similar for small companies vs. big companies.
7. **Sustainability seems to be contributing to this levelling effect.** Lower-ranked companies have higher average increases in Engagement of Stakeholder scores vs. higher-ranked companies. This is similar for small companies vs. big companies.