



SingTel wins top spot in recent Governance and Transparency Index

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SINGAPORE : Southeast Asia's largest telecoms company SingTel won the top spot in a new **Governance and Transparency Index**, which was launched recently by Singapore's Corporate **Governance and Financial Reporting Centre and The Business Times**.

SingTel was lauded for its best practices in disclosure standards.

Managing 20,000 staff in Singapore **and** Australia is no easy task.

To get everyone on the same dial, SingTel said it has institutionalised a code of conduct, processes **and** systems, **and** reviews them regularly.

Jeann Low, group chief financial officer, SingTel, said: "There is no set period. We would do it; internal audit has been asked to continue to review internal control processes within the organisation. Audit committees meet at least once a quarter, management meets every week. We would continue to refresh it **and** take into account the risks that are operating in our environment."

It is one of the reasons why SingTel was ranked top in **governance and transparency** in a new **index** that was launched recently.

The **Governance and Transparency Index** ranks Singapore companies on their **governance, transparency and** investor relations.

SingTel was also lauded for having a diversified board, where more than half of its directors are from overseas, in line with its regional business focus.

Its **transparency** in remuneration for board directors **and** top executives also earned praise.

The telco was recognised as well for making its annual reports available online promptly.

The reports are also sent to shareholders one month before its annual general meeting, much earlier than the 14 days required under stock market listing rules.

Ms Low said: "We would work according to a timetable **and** ensure issues are surfaced in advance **and** dealt with carefully. **And** we do have the CEOs **and** the CFOs **and** the senior management team across all our different operations engaged upfront in the whole process."

SingTel was also held up as a model for others with its whistle blower policy.

Since 2004, it has set up independently-run whistle blower hotlines in both Australia **and** Singapore so that anything amiss or out of step in the company's operations can be reported anonymously.

The telco declined to provide more details. But Ms Low said: "It has resulted in investigations **and** resulted in disciplinary action."

Experts said such measures are what separates the good companies from the bad, especially during tough times.

Chaly Mah, president, Singapore Division, CPA Australia, said: "When (the) economic condition starts to deteriorate, **and** some of the companies that do not have as strong a business model start to become very challenged, unfortunately in a situation like this, the management, if they are of lesser integrity, will start to manipulate the books **and** cover up some of these deficiencies."

SingTel said the real challenge is striking a balance between what **and** when to disclose commercial

information without jeopardising a deal.

Other corporate **governance** measures that SingTel observes include complying with two sets of listing rules on the Singapore **and** Australian stock exchanges, where its shares are traded. - CNA/ms

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Keppel T&T among top five in Governance and Transparency Index

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SINGAPORE: Keppel Telecoms **and** Transportation (Keppel T&T) was among the top five in a new **Governance and Transparency Index** which ranks companies on their **governance, transparency and** investor relations.

Keppel T&T was praised for good disclosure of its remuneration **and** good expertise in its audit committee.

For now, Keppel T&T's website has its annual reports **and** financial statements, as well as details of how the company tries to maintain high standards of corporate **governance**.

Keppel Telecoms **and** Transportation has businesses in network engineering **and** logistics spanning 13 countries in Southeast Asia **and** Europe.

Given its strong global presence, the firm has also maintained a large number of independent directors to provide sound advice to management.

These are some of the reasons that Keppel T&T was ranked in among the top five in a new **Governance and Transparency Index**.

The **Governance and Transparency Index** is a collaboration between Corporate **Governance & Financial Reporting Centre (CGFRC)** **and** the Business Times **and** is backed by CPA Australia **and** the Investment Management Association of Singapore.

Mak Yuen Teen, co-director, CGFRC, said: "Keppel T&T has a majority of independent directors on the board - again very good disclosure on appraisal, good disclosure on remuneration structure both for the key executive **and** the non executive directors.'

The company is said to use a combination short **and** long term incentives for its executive **and** non-executive directors.

Observers said long term incentives are a important component of executive pay **and** disclosure of performance measures helps shareholders to understand how pay is linked to performance.

Keppel T&T was also lauded for its board level risk committee **and** having good expertise on its audit committee.

The company declined to comment on camera but said the board level risk committee helps ensure that the board is paying enough attention to risk oversight, **and** not left as a secondary function of an audit committee.

It also said five out of seven people on its board are independent directors **and** four hold key appointments within the board.

The **Governance and Transparency Index** also praised Keppel T&T for its efforts to publish its earnings as soon as possible.

Mr Mak added: "Keppel T&T is very timely in terms of releasing its results, again well ahead of the deadlines set by the Singapore Exchange."

Among other model attributes for a well governed **and** transparent company, Keppel T&T was singled out for its whistle blower protection policy **and** having an audit committee chairman who has an accounting **and** financial background.

But experts said Keppel T&T could improve its website by using it as a communication tool for investors, as papers such as annual reports for example only come out once a year.

Mr Mak continued: "Having more comprehensive websites in terms of focusing on more comprehensive information which is useful to investors. I think those are the areas I think Keppel T&T could improve."

For now, Keppel T&T's website has its annual reports **and** financial statements as well as details of how the company tries to maintain high standards of corporate **governance**. - CNA/vm

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Keppel Corp scores well in new Governance and Transparency Index

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SINGAPORE: Keppel Corporation has scored well in a new **Governance and Transparency Index**.

The **Governance and Transparency Index** is a collaboration between Corporate **Governance & Financial Reporting Centre** and the Business Times, and is backed by CPA Australia and the Investment Management Association of Singapore. The **index** measures companies in **governance, transparency and** investor relations.

Keppel was praised for its efforts in implementing fair appraisal of board matters.

The offshore and marine operations is one of the most visible businesses of Keppel Corporation. The firm is the world's largest builder of offshore oil rigs in terms of output. But it also has major interests in property and infrastructure.

Its operations span over 34 countries.

Despite its sizeable operations, Keppel Corp has always kept the view that the performance of its board members is best assessed by external parties.

This is one reason why the firm has done well in a new **governance and transparency index**.

Mak Yuen Teen, co-director, CGFRC, said: "Keppel Corporation does seem to pay a fair bit of attention to the appraisal of the board. And in terms of the criteria, they use external party to help appraise them.

"I think in board appraisal, many companies go through a very pen and paper kind of approach where they just send a pen and paper round the board and just have a very superficial kind of evaluation. I think Keppel Corp seems to take its appraisal quite seriously."

To appraise the board, Keppel's directors are asked to fill out an evaluation form of the board which is evaluated by an independent party.

Experts said this is good for **transparency** as the independent party can provide fair constructive evaluation of the boards practices.

Keppel Corp declined to comment on camera but it said that its board has established a transparent process for the appointment of new directors to the board.

But observers said Keppel, like many companies, could do more in disclosing executive remuneration.

Mr Mak added: "I think Keppel Corp at the moment doesn't disclose remuneration in terms of executive levels or remuneration for individual directors, and the CEO as well as key executives. I think they still disclose it in bands. I think that's an area in terms of international practice. It's generally expected that this is the standard disclosure now."

Experts also believe that as part of improving **governance and transparency**, companies should revisit how they pay executives.

Chaly Mah, president, Singapore Division, CPA Australia, said: "You know in many cases, a lot of this compensation is all aligned to the financial performance of the company, or they may be aligned to the share performance. But what has gone wrong is that there has not been an alignment of risk and reward by looking at how we compensate executives."

Keppel said that it will continue to stay focused on enhancing its corporate **governance and transparency** practices by strengthening its board's performance. - CNA/vm

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Top Print Edition Stories

SingTel, SMRT take top spots on newly-launched gauge

Emilyn Yap

674 words

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Five win accolades for going beyond the minimum expected standard

(SINGAPORE) It's no mean feat to stand out from 677 companies, but five firms did so with their high levels of corporate **governance and financial transparency** at the 2009 CPA Forum yesterday.

SingTel took top spot on the newly-launched **Governance and Transparency Index (GTI)**, followed by SMRT Corp. Keppel Telecommunications & Transportation **and** Singapore Exchange (SGX) shared third place, while Keppel Corp rounded out the top five.

These companies went 'beyond the minimum expected standard of **governance**' and showed that 'good corporate **governance** should not just rest on the shoulders of the regulators **and** policy-makers but on the management itself,' said CPA Australia Singapore division president Chaly Mah, who is also CEO of Deloitte Asia Pacific.

The GTI was introduced by The Business Times **and** the National University of Singapore's Corporate **Governance and Financial Reporting Centre (CGFRC)** last November. It is also sponsored by CPA Australia **and** supported by the Investment Management Association of Singapore.

The five companies generally outshone the rest for having high-quality boards **and** strong investor relations. 'We want to try to set the example for listed companies in Singapore,' said Singapore Exchange (SGX) senior executive vice-president **and** chief financial officer Seck Wai Kwong. 'Our aspiration is that everybody wins as well because we aim to lift the levels of corporate **governance and transparency.**'

While there is cause for the five winners to celebrate, many other companies have not done well. For instance, only 11 per cent of the companies studied have an independent board chairman, **and** only 20 per cent have a fully independent nominating committee.

FerroChina, Oriental Century, Asa Group, Advance SCT **and** NEL Group were some that ranked lowest on the **index**.

'The findings from the first edition of the GTI show there is great disparity in standards of corporate **governance and transparency** among our listed companies,' said CGFRC co-director Mak Yuen Teen, who is also regional research director (Asia-Pacific) at Watson Wyatt.

In fact, recent corporate scandals have raised questions over the adequacy of listing rules **and** screening processes for companies on or listing on SGX. But Minister in the Prime Minister's Office **and** Second Minister for Finance **and** Transport Lim Hwee Hua said regulators should not impose excessive rules because of this.

'We are well aware of the dangers of 'knee-jerk' reactions,' said Mrs Lim in her first speech since her appointment as a full minister on Wednesday. 'There must always be a sensible balance between the benefits of a dynamic capital market **and** the costs of excessive regulation.'

She added that current listing requirements set out minimum standards for an SGX listing, **and** all listing applications go through due diligence checks by issue managers **and** financial **and** legal professionals before approval.

The Monetary Authority of Singapore **and** SGX will identify areas which require further regulation, Mrs Lim said. But she also reminded auditors, management **and** directors - especially those on audit committees - to play their part in improving corporate **governance**.

Some forum participants agreed with Mrs Lim on the need to avoid over-regulation. 'There is only so much that you can regulate' **and** a company's **governance** standards are also shaped by the ethics **and** values of key management, said Mr Mah.

But some participants also felt certain areas could do with more supervision. Prof Mak, for instance,

believes it is important to tighten the screening of foreign companies seeking to list here. Recent corporate scandals such as those at China-based firms have shown that enforcement can be difficult so 'more preventive measures' may be needed, he said.

Stamford Law Corporation's senior director Lee Suet Fern sees the need for disclosure of pledged shares. 'If there could be a change in a company's major shareholder overnight through the enforcement of margin calls, this is a matter that shareholders **and** investors would rightly be concerned about,' she said.

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focus

No secrets about SMRT salaries

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TEH SHI NING finds out how seriously the company, ranked second in the GTI **index**, takes **transparency**

'TRUST is a very important word to our organisation,' says Saw Phaik Hwa, SMRT Corporation's president **and** chief executive.

As a core value, trust steers SMRT's corporate **governance** practices, particularly in the areas of disclosure **and transparency**. 'If you have murky **and** grey areas, I don't think that trust exists,' she says.

SMRT is ranked second on the new **Governance and Transparency Index**, thanks in part to high scores in disclosures, in terms of both **transparency** on remuneration matters **and** timely notices to shareholders.

'A lot of people are secretive about salaries,' says Ms Saw. But their reasons do not persuade her that pay should remain private. 'I ask people, 'Why are we afraid to disclose salaries?' **And** they'll say, 'Because then, your competition may snatch your best people.' But I say, if it's only because of the money that they're working for me, then they can go somewhere else! They must love this company so much that they'll stay even if other people give them a few dollars more,' she says.

The remuneration packages of SMRT's five top earning executives are revealed, in bands of \$150,000, in its annual report. These are narrower than the Code of Corporate **Governance's** recommended bands of \$250,000 for top executives' pay. For each executive, the breakdown in percentages of the forms of payment - salary, benefits, stock options - is also made public.

Fees paid to SMRT's directors are also spelt out to the dollar in the annual report. In Ms Saw's case, this includes the precise sums under each category of payment.

'I think disclosure is very important . . . deliberate omission is as sinful as telling a lie sometimes,' she says.

Transparency also demands a timely release of information. When it comes to information which affects the company's financial health or impacts stakeholders, Ms Saw says: 'One, you must tell them, **and** two, you must come up front **and** say it. Give all the good reasons, so that people don't speculate **and** give the wrong reasons.'

In her view, there is no conflict between running a business competitively **and** maintaining **transparency**. 'It's quite clear where the line is drawn - these things you must say, these things you don't say,' she says.

'People are reasonable, they don't expect you to reveal chapter **and** verse of all your negotiations **and** cause you to lose business. But where you can **and** should tell, you must,' she adds.

Communication with investors is important to SMRT, Ms Saw notes, 'because they put their money with us; it's a responsibility we have'.

SMRT has a comprehensive website, which includes a list of all the analysts covering the company. Its avenues for shareholders to engage management include face-to-face meetings for those based overseas who happen to pass through town **and** wish to meet them.

Transparency and accountability are key to SMRT being able to discharge its responsibilities to its three main stakeholders - the two million customers it serves each day, the government with its new transport plan **and** pricing regulations, as well as shareholders, Ms Saw explains.

'How do you put it all in a pot **and** make it work? I think it's a fact that we've been able to do it because all our stakeholders know exactly what we're doing.'

Accountability at SMRT is strengthened by having a strongly independent **and** diverse board of directors. With the exception of Ms Saw, all eight other members of SMRT's board are independent.

'They're all their own men **and** women, looking at things from a duty, responsibility point of view. **And** I think there is little or no reason for any hidden agenda,' she says.

The board's nomination committee also chooses directors based on how their skills, capabilities **and** experience complement the other directors', **and** board membership is renewed by elections every three years.

Although the spirit of corporate **governance** is already very much a part of SMRT's culture, Ms Saw says the company still follows developments in best practices very closely. 'When any new code or guidance comes out, we review them. Anything that's compulsory, we either implement earlier or go one level up **and** do more than the standards require.'

SMRT also engages experts to explain each new set of guidelines **and** the underlying reasoning.

Corporate **governance** is 'never about just mouthing it', says Ms Saw. 'You can't do it half way. Either you really believe in it **and** carry through with it, or you don't. **And** for us, the don't is just not possible.'

Taking action means more than mere checkbox ticking, she adds. 'When you do it blindly you may not deliver what is intended to be delivered.'

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focus

Financial reporting should go beyond minimum: CPA

Lynette Khoo
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GO beyond the financial reporting rulebook **and** give shareholders the extra information they find useful, urged Chaly Mah, president of CPA Australia's Singapore division.

'There needs to be a significant mindset change by the managements, boards, CFOs **and** preparers of financial statements,' said Mr Mah. 'They need to think about what information they should put out there in the marketplace for their stakeholders for them to understand the company better.'

Only then can we say we have the best practices, he added.

Very often, companies disclose only what is required by accounting standards instead of considering what other information would be useful to their shareholders, said Mr Mah.

For example, just look at how disclosure of risk management tends to get embedded in boilerplate paragraphs in financial statements. 'It is unfortunate that they are there just to comply with the requirements of the accounting standards,' he noted. Rather, companies should be thinking about some of these risks **and** consider how they are managing them. Given the pivotal role of risk management in corporate **governance**, Mr Mah suggests that companies' boards consider setting up risk management committees to focus on this whole area of risk. Current corporate **governance** guidelines require the setting up of nomination, remuneration **and** audit committees but not a risk management committee at the board level.

The **Governance and Transparency Index** (GTI) shows that few companies have separate board-level risk management committees or provide detailed information about the key risks **and** how they are managed.

As in the case of companies dabbling in collateralised debt obligations (CDOs), there was no earlier indication of the risks that they were taking, he pointed out.

Mr Mah also took issue with the system of executive remuneration that has drawn flak in the United States for encouraging excessive risk-taking to meet short-term financial goals - one of the factors blamed for bringing many financial institutions to their knees.

'In determining the quantum of bonuses, one shouldn't just look at financial rewards **and** performance but also the risk management processes that have been put in place,' he said. 'In any financial reward system, risk management should be part of the criteria.'

On the whole, Mr Mah noted that since the implementation of the Code of Corporate **Governance** guidelines in 2005, the standard of corporate **governance** here has improved.

However, the 'comply or explain' principle in implementing these guidelines by the stock exchange often results in a checklist approach among companies. 'The problem with the checklist approach is that it lacks substance,' Mr Mah said.

'If we want to talk about corporate **governance** best practices, then management **and** board should decide what is best for the company,' he added. 'So, my challenge to corporates in Singapore is to go beyond the minimum requirement of all regulations.'

But the challenge among companies now is finding well-trained independent directors willing to take on the onerous task **and** qualified audit committee members who are well-versed in finance.

'Where are we going to get them? It's a good question. I don't think there are enough good, well-trained independent directors today in the Singapore marketplace' he said.

In this area, the Singapore Institute of Directors (SID) has a role to play, he said. The SID has organised courses with the Singapore Management University (SMU) to train directors on their roles **and** duties, assessment of management **and** finance.

Training, sharing of experiences **and** the best practices guidelines, such as the Guidebook for Audit Committees launched last October, are steps in the right direction, Mr Mah added. **And** hopefully, the audit committees will use the guidebook **and** decide what they need to implement in the organisation that will suit their needs.

As encouragement to companies, Mr Mah believes that those that persevere in corporate **governance and** are transparent in their disclosure of information will be rewarded by shareholders.

'Hopefully, it will translate to better financial performance of the company, which will translate to better share performance,' he said. 'It is important for shareholders to understand the thinking process behind why the company is doing certain things **and** the timeliness of information that is disclosed.'

'I hope companies will look at the GTI **and** aspire to be at the top quartile.'

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focus

Keeping companies up to standard

1,070 words

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The findings of the recently released GTI show that many firms still have much work to do. EMILYN YAP reports

THE first results from the **Governance and Transparency Index** (GTI) are out. **And** while some larger companies did well, others put in just enough effort to meet minimum corporate **governance** standards. 'The results confirmed that we have a mixed bag of companies in terms of **governance and transparency**,' said Mak Yuen Teen, the co-director of the Corporate **Governance and** Financial Reporting Centre (CGFRC) at the National University of Singapore.

Launched by The Business Times **and** CGFRC, the GTI ranks companies based on their **governance** standards, financial **transparency and** investor relations. Five companies with good practices stood out from 677 firms, but 'there is a general sense that many companies are still largely ticking the boxes', Prof Mak noted.

The **index** is also sponsored by CPA Australia **and** supported by the Investment Management Association of Singapore.

Top five GTI scorers

The GTI covers companies that released annual reports between Jan 1 **and** Dec 31 last year. **And** those with a sizeable market capitalisation or global footprint have emerged ahead of the race. SingTel, SMRT Corp, Keppel Telecommunications & Transportation, Singapore Exchange **and** Keppel Corp took the five top spots.

According to Prof Mak, these five corporations generally have high-quality boards comprising a non-executive or independent chairman **and** a majority of independent directors. Overall, only about 20 per cent of companies studied have independent directors making up a majority on their boards.

The top companies also reported their annual results well ahead of the 60-day deadline, he said. In contrast, as many as 75 per cent of firms released their results only in the week before the deadline. In addition, the five top firms run comprehensive websites for investors, engage analysts **and** the media through briefings **and** give sufficient notice of annual general meetings.

'The bigger companies especially are not competing in the Singapore national games; they are competing in the Asian or Olympic Games,' Prof Mak explained. 'They need to meet standards that global investors are used to expecting in companies in the most developed markets.'

The GTI reflects such standards as it incorporates recommendations from Singapore's Code of Corporate **Governance**, listing requirements **and** international best practices.

While Prof Mak feels the five companies deserve praise for having the highest GTI scores, he was careful to differentiate the recognition from that conferred by other awards. Awards honour the best but 'do little to motivate the not-so-good to do better,' he said. On the other hand, the publication of the full GTI scores (see pages 14 **and** 15) could encourage even companies that did poorly to improve.

Prof Mak also urged the five firms to continue improving their corporate **governance**. 'With the current crisis **and** the need to regain investor confidence, I think the bar will be raised further,' he said.

Areas for improvement

Now, for the not so good news. The GTI results show that many companies follow corporate **governance** recommendations in form but not in substance. To pick them out, the GTI awards points for good practices **and** deducts points for questionable ones.

The Code says, for instance, that a board should examine its size **and** decide on one that is appropriate. 'Most companies, even those with four board members, would say they have done so,' Prof Mak said. The GTI however, is more specific **and** awards points only for boards with six to 11 members, a size deemed suitable for the proper discharge of duties.

Box-ticking also occurs when it comes to board appraisals. According to Prof Mak, many companies say they conduct this exercise, but few engage the help of an external party at least periodically. 'A robust board appraisal is more than just using a generic questionnaire **and** asking mundane questions around board meetings,' he explained.

In fact, only 56 per cent of companies disclosed the criteria used in board appraisals, while just 41 per cent revealed the process followed.

The GTI has also penalised several companies for granting stock options to independent directors. Prof Mak recommends instead that companies encourage them to use some fees to buy shares in the firms **and** keep the holdings until they leave the board, as SingTel has done.

Other common shortcomings include poor disclosure of board **and** senior management remuneration - just 3 per cent of companies reported their executive directors' exact remuneration. There were also late announcements of stock option grants **and** long-serving independent directors on boards.

Bright spots

Of course, the corporate **governance** scene in Singapore is not all that dreary, **and** there are areas where companies go beyond the minimum standards. For instance, some earned bonus points for providing a comprehensive description of how they assess the independence of their directors. Some companies also set term limits for their directors.

At a time when corporate scandals have become all too common, the GTI results will hopefully push firms into tightening internal controls.

As Prof Mak suggested, investors, analysts **and** regulators should pay attention to companies ranked low on the GTI. 'It does not mean that these companies will be your next scandals, but I would think that if they take a risk-based approach to investing or regulating, or if they are writing recommendations on companies, then those companies should receive more scrutiny,' he said.

At the same time, investors should not view the GTI rankings as short-term stock recommendations. 'We are not asking investors to buy companies which are high **and** sell companies which are low,' he cautioned. 'But if you were faced with two companies, both with what appear to be good business fundamentals but one does much better on **governance and transparency**, which one should you invest in for the long term?'

CPA Australia yesterday organised the CPA Forum 2009 to discuss key GTI findings. The discussion shed more light on the workings of the **index** for companies that are keen to improve their scores in future. The next issue of the GTI will cover companies releasing their annual reports between Jan 1 **and** June 30 this year - **and** the scoring system could be stricter.

Beyond Singapore, the GTI may prove useful overseas. 'We think there are opportunities for the GTI to be taken to other countries which also want their companies to raise their standards,' said Prof Mak.

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focus

Best practices give SingTel top spot

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LYNETTE KHOO looks at how SingTel excels in the various aspects of corporate **governance and** disclosure measures

TRUE to its standing as Singapore's largest listed company **and** South-east Asia's largest telco, SingTel has been crowned No 1 on the **Governance and Transparency Index (GTI)**.

This attests to its compliance with best practices in wide ranging aspects of corporate **governance**. Ensuring independence of the board **and** full disclosures of directors' fees, putting in place a highly qualified audit committee **and** installing strong internal controls have placed SingTel in good stead in the first-ever ranking of listed companies on the GTI.

Keeping up with two sets of listing rules **and** corporate **governance** guidelines, given its dual listing on the Singapore **and** the Australian stock exchanges, also helps make SingTel's corporate **governance** practices more vigorous. 'Where one exchange has more stringent requirements, SingTel will observe the more stringent requirements,' says group chief financial officer Jeann Low.

In the area of board composition, the corporate **governance and** nominations committee assesses the independence of each director, taking into account the Singapore Exchange (SGX) **and** Australia Stock Exchange (ASX) corporate **governance** guidance for assessing independence.

Its chairman **and** board members, with the exception of group chief executive Chua Sock Koong **and** Simon Israel, an executive director of Temasek Holdings, can be considered to be independent directors.

More than half of SingTel's 11 directors are or originate from countries outside Singapore, including its chairman, Chumpol NaLamlieng.

'The board has put in place a rigorous process to ensure that only suitably qualified persons with relevant qualifications, expertise **and** experience are nominated for appointment as board members,' Ms Low says.

The nominating committee reviews the size **and** composition of the board from time to time to provide a balance of expertise, skills **and** knowledge, as well as to ensure that the board size is effective for discussion **and** decision-making.

When an existing director chooses to retire or is required to retire by rotation, or when the need for a new director arises, the nominating committee identifies SingTel's needs **and** prepares a shortlist of candidates with the appropriate profile for nomination or re-nomination.

'Where necessary, the committee may seek advice from external search consultants,' Ms Low says.

There are also training **and** development programmes for directors which include talks by renowned professionals in various fields, including telecommunications, technology, regulatory matters **and** the economy/business environment in relevant markets.

For its audit committee, SingTel seeks to ensure that the members are qualified for the onerous task of upholding the integrity of its financial statements. Its audit committee currently has four members - all of whom are non-executive **and** independent directors - **and** each committee member has extensive financial **and/or** accounting expertise **and** experience.

SingTel suspended its share option scheme for directors in 2003, introducing a performance share plan in its place. Directors who were previously granted share options **and** have exercised them are encouraged to hold beyond the vesting period.

The group also chooses to disclose the framework for determining directors' fees, as well as the actual remuneration of each director in its annual report.

A shot in the arm to SingTel's internal audit has been an escalation process that allows the board, senior management **and** internal **and** external auditors to be kept informed of any corporate crisis in a timely manner.

It also has a whistle-blower policy. Employees have well-defined **and** accessible channels within the group, including a direct channel to its internal audit unit **and** a whistle-blower hotline service independently managed by an external party.

Reflecting its seriousness about market disclosure, SingTel has a committee at the senior management level responsible for the company's market disclosure policy. The policy contains guidelines **and** procedures for internal reporting **and** decision-making with regard to the disclosure of material information.

'The company is mindful of the fine balance between disclosure **and** giving away competitive information **and** strives towards disclosure while protecting shareholders' interest,' Ms Low says.

SingTel is also said to be a frontrunner in disclosing its financial results on a quarterly basis - a policy it introduced three years before it became mandatory under SGX rules.

Its quarterly results are reported within six weeks of the end of each quarter. Annual reports are sent to shareholders one month before the AGM **and** are also made available on its website, giving shareholders ample time to study the report.

'In addition, we aim to provide relevant **and** detailed disclosures,' Ms Low says. On top of the regular financial reporting, SingTel produces a 60-plus page Management Discussion & Analysis that discusses the company's performance in greater depth **and** provides analyses of key value drivers **and** metrics for each business.

Going beyond minimum financial reporting standards, SingTel provides guidance at the start of each fiscal year on the quantitative range for operating revenue **and** Ebitda margin, its outlook as well as guidance for special situations such as the launch of the iPhone **and** foreign exchange exposure. This guidance is affirmed or updated at subsequent quarterly results to reflect market conditions.

'SingTel is conscious of its disclosure requirements **and** the market disclosure committee puts in place strict processes to ensure all material price-sensitive information is announced to investors on a timely basis,' Ms Low says.

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focus

Strong board at Keppel Corp, Keppel T&T pays off

Joyce Hooi
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English
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KEPPEL Corporation **and** its subsidiary Keppel Telecommunications **and** Transportation (Keppel T&T) have more in common than ownership. Their efforts to build strong boards characterised by a high level of independence **and** full disclosure of the appointment process are paying off.

The two companies are among the top five on the **Governance and Transparency Index** released this week.

Keppel Corp **and** Keppel T&T have a seven-point list of criteria that potential directors have to meet to qualify for a recommendation by the nominating committee.

Besides an emphasis on integrity, diversity **and** independent-mindedness, the committee pays attention to a candidate's financial literacy, track record of making good decisions **and** experience with high-performing companies. The list also specifies a limit of six principal boards a candidate can be on to be able to commit time **and** effort to discharging a director's duties effectively.

'An important aspect of good **governance** is to have an effective, strong **and** independent board that actively engages the management,' says Keppel Corp's senior executive director **and** group finance director Teo Soon Hoe. 'Our board comprises six independent directors, two non-executive directors **and** two executive directors, who bring a wealth of experience **and** expertise.'

Keppel T&T, in which Keppel Corp has an 80.21 per cent stake, also has a majority-independent board. Five of its seven members are independent directors **and** hold key appointments such as chairmen of the audit committee, remuneration committee, nominating committee **and** board risk committee.

Besides building independent boards, Keppel Corp **and** Keppel T&T also keep a close eye on investor relations.

'We aim to communicate to our shareholders effectively,' says Mr Teo. 'For example, our quarterly results presentations are accessible to all members of the public through live webcasts. These allow local **and** overseas shareholders to pose questions to management through the Internet. This is a good platform for shareholders to discuss with us the company's performance **and** business outlook.'

For Keppel T&T, disclosure is a key element of investor relations. 'We believe comprehensive **and** timely disclosure of material information ensures a level playing field for investors **and** provides a foundation for shareholder confidence,' says managing director Lam Kwok Chong.

Both companies are also quick to remedy inadvertent disclosure of information. 'On rare occasions when information is inadvertently disclosed, it is immediately released publicly via SGXnet **and** the press,' the companies' corporate **governance** guidelines state.

With more cases of fraud coming to light, companies have begun to realise the importance of good internal controls. **And** here, Keppel T&T is well ahead of the curve. 'We have several policies in place, including a whistle-blower protection policy that is an effective tool to prevent **and** control fraud **and** other improper behaviour,' says Mr Lam.

At Keppel Corp, the group's risk management strategy is subjected to close scrutiny by a board risk committee, set up in 2004. The committee guides the formulation of risk management policies **and** discusses strategies with management. When there are significant risks, the committee, which comprises three independent directors **and** one non-executive director, reports these to the full board **and** makes recommendations. 'A strong commitment by top management over the years to drive risk management systems **and** processes has put Keppel in a good position to weather the economic turmoil,' says Mr Teo. 'We are managing our risks more carefully in this environment.'

But downturn or no downturn, good **governance** is synonymous with good business, as far as the Keppel brand is concerned. 'We are committed to self-regulate to protect our shareholders' interests, regardless of the economic or business climate,' Mr Teo says. 'Even though we have encountered challenges along the way, such as many interpretations of what should be done in any one situation, we

remain focused on improving **and** enhancing our corporate **governance** practices **and** **transparency.**'

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focus

Balancing regulatory and commercial targets

Chew Xiang
812 words
3 April 2009
Business Times Singapore
English
(c) 2009 Singapore Press Holdings Limited

AS the securities market regulator as well as a listed company in its own right, the Singapore Exchange (SGX) is expected to take the lead in corporate **governance**. To its credit it has responded more than amply, ranking among the top five in the first **Governance Transparency Index** released this week.

A key strength is the composition of the SGX board, which comprises a majority of independent directors. This is a potential banana peel, however, as there is the tricky issue of having directors of other listed companies on its board, but the exchange has worked hard to ensure good **governance**, says Seck Wai Kwong, SGX senior executive vice-president **and** chief financial officer.

'On the one hand, as the frontline market regulator, it is desirable to have representation from listed companies. On the other hand, it is acknowledged that this could lead to the appearance of a potential conflict of interest,' he says. But excluding directors of other listed companies from its board would drastically limit the pool of directors who are 'fit **and** proper' persons, according to the Monetary Authority of Singapore's (MAS) criteria, he notes.

To be independent, a director must not only be free from business **and** management relationships but must also be free from any relationships with SGX member firms or its related companies. Six out of the 10 directors who are on SGX's board meet the MAS' stringent requirements for independence.

Mr Seck says the SGX's Self Regulatory Organisation (SRO) **governance** helps as a further layer of checks by, for instance, instituting a committee to deal with actual or even perceived conflicts of interest. As well, the committee gives the MAS an annual report on how it has discharged its duties to oversee potential conflicts of interest.

In addition, SGX requires that its board performance targets include a measure to capture its regulatory responsibilities, so that commercial objectives do not hold sway.

But regulations are hardly the only aid to good **governance** - choosing the best **and** right directors is key. Mr Seck says the policy is for the board to 'have a broad range of expertise (comprising non-executive **and** executive directors) **and** a good proportion of independent directors to provide the company with effective **and** knowledgeable oversight'.

The company 'looks for outside directors to demonstrate a true spirit of independence, which includes a willingness to engage management on tough issues **and** protect the interests of all shareholders', he says. It should also have enough independent directors to ensure an adequate spread of views **and** appropriate representation on board committees, he adds.

As well, a non-executive chairman - although this exceeds the statutory requirements - 'increases the element of independence of our board **and** the Nominating Committee on which our chairman does not serve', says Mr Seck.

Finally, one of the main priorities in ensuring corporate **governance and transparency** is actively engaging shareholders **and** investors, says Mr Seck. 'The SGX investor relations approach is characterised by commitment to good corporate **governance**, timely **and** transparent disclosure, **and** regular communication with shareholders **and** the investment community. We place a premium on fostering a strong relationship with both our institutional **and** retail shareholders.'

He points out that the company's performance is measured by an independent perception study conducted by external consultants. Last year, the SGX investor relations team scored 4.4 on a scale of one to 5, placing it at the top compared with other Singapore blue chips **and** a peer group of exchanges, reveals Mr Seck.

SGX also leads in other forms of shareholder engagement, such as providing shareholders with an online feedback channel through which questions can be raised at annual general meetings, while the entire board **and** executive committee attend AGMs to meet shareholders. As well, SGX makes a substantial commitment in engaging stakeholders, holding 'major overseas roadshows **and** conferences in North America, Europe, Japan **and** Asia' **and** 'one-on-one meetings **and** conference calls with more than 1,000 investors a year', Mr Seck says.

He points out that it is also one of the first **and** few companies to hold a 'town hall' meeting for shareholders, giving them a chance to meet senior management **and** be informed of business strategy **and** financial performance shortly after the announcement of the annual financial results.

Mr Seck says: 'We are very encouraged **and** honoured to be given the affirmation by the well-recognised **Governance Transparency Index**. As both regulator **and** listed company, we aim to uphold the highest standards of corporate **governance**.

'Good corporate **governance** is essential to the success of SGX as it translates into investor confidence **and** confidence of the market in our management, systems **and** processes. We will continue to review **and** strengthen our framework **and** processes regularly as part of the ongoing effort to maintain robust **and** good corporate **governance** practices.'

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Money SingTel tops new transparency index

Elizabeth Wilmot
550 words
3 April 2009
Straits Times
English
(c) 2009 Singapore Press Holdings Limited

New barometer uses 'bonus & penalty' to fine-tune results of old **index**

ENSURING good corporate **governance** is not simply the role of regulators.

Auditors **and** listed companies must play a part too, said Mrs Lim Hwee Hua, Minister in the Prime Minister's Office.

'A vigilant **and** vigorous audit profession will help instil confidence in our corporate financial reporting regime, **and** will of course be a strong deterrent to fraudulent **and** irregular practices.'

She added that 'directors **and** management must take it upon themselves to improve accountability by setting the right tone at the top'.

Mrs Lim, who is also Second Minister for Finance **and** Transport, was speaking at the CPA Forum held at NTUC Centre, which was used to launch a new barometer of local corporate **governance** practice - the **Governance and Transparency Index** (GTI).

Research for the GTI was undertaken by the Corporate **Governance and** Financial Reporting Centre (CGFRC) of the National University of Singapore's Business School **and** The Business Times. It was sponsored by accounting body CPA Australia.

The GTI will replace the Corporate **Transparency Index** (CTI) which has been published by The Business Times since 2000. It differs from the CTI by using a 'bonus **and** penalty' to fine-tune results.

Bonus points can be awarded, for example, when firms impose term limits for their directors **and** when they appoint a board-level risk committee. Points can be deducted for late announcements of stock option grants, for instance.

A total of 677 companies which released their annual reports between Jan1 **and** Dec 31 last year were analysed for the GTI ranking.

In the last CTI results, the top five firms were: Qian Hu Corp, MobileOne, SingTel, Keppel Land **and** Keppel Corp.

The new GTI results saw SingTel jumping to top place, while Qian Hu sank to 15th place **and** MobileOne, to 26th.

Associate Professor Mak Yuen Teen, co-director of CGFRC, said: 'The GTI is not directly comparable to the CTI. The two companies (Qian Hu **and** MobileOne) have not done badly at all on the GTI **and** they have every opportunity to improve going forward.'

With regard to the top firms being large corporations, he said: 'Many smaller companies may not have paid enough attention to corporate **governance and transparency** beyond box-ticking. However...there are some relatively smaller companies that have scored better than some large companies.'

The top five firms were present to accept trophies from Mrs Lim.

SMRT Corp's S. Prema, vice-president of corporate secretariat **and** legal, said: 'Our cornerstones are basically strong internal policies. In these difficult times, we took the steps of reviewing our internal mandate **and** our financial policies to make sure they are current **and** robust.'

The Singapore Exchange jumped from No.7 in the CTI to No.3 in the GTI. Its chief financial officer, Mr Seck Wai Kwong, said: 'First of all, we are an exchange **and** we are also a listed company. So we have to be the paragon of **transparency and governance**. We want to try to set the example for listed companies in Singapore.'

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Top five firms in the GTI

1. SingTel
2. SMRT Corp
3. Keppel Telecommunications & Transportation (Equal third) Singapore Exchange
5. Keppel Corp

Document STIMES0020090402e54300006



Business

More corporate transparency needed, says governance don

Tan Hui Leng huileng@mediacorp.com.sg Tan Hui Leng

TODAY

469 words

3 April 2009

TODAY (Singapore)

AM & PM

70

English

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SINGAPORE may pride itself on corporate **governance and transparency** but a detailed analysis of listed companies here shows that the standards are far from perfect.

“Compared to international good practices, there is significant room for improvement **and transparency** for many companies,” Associate Professor Mak Yuen Teen, the co-director of the National University of Singapore’s Corporate **Governance and** Financial Reporting Centre, said yesterday.

He was presenting the methodology **and** results of the inaugural **Governance and Transparency Index**. Of the 677 companies analysed, only 20 per cent have a majority of independent directors on the board.

And just 11 per cent have an independent chairman while 22 per cent have a non-executive chairman who is not related to the chief executive.

And the issue of remuneration is one area where much improvement is needed.

Of the firms analysed, only a minuscule 3 per cent disclosed the exact remuneration of executive directors, while 5 per cent disclosed the exact remuneration of non-executive directors. The performance measures for directors are another murky area, with just 6 per cent disclosing the criteria against which their executive directors are judged. Also, only 40 per cent — or less than half — have a fully-independent remuneration committee.

“High standards of corporate **governance and transparency** are likely to become a key to rebuilding investor confidence badly damaged by the current financial crisis **and** by the scandals that have occurred in Singapore,” said Assoc Prof Mak.

The **index** advisory panel also called on company directors to voluntarily disclose if they have pledged their shares as collateral **and** to specify their commitments on paper, one of the several specific measures it said will improve **transparency and governance**.

The information used for the analysis were mostly gleaned from company annual reports **and** corporate announcements filed with the Singapore Exchange between July 1, 2007, **and** March 26 this year. The companies were scored on criteria such as board **and** remuneration matters, accountability **and** audit, as well as **transparency and** investor relations.

Companies were given bonus points for areas such as a comprehensive description of how the companies assess the independence of their directors, having term limits for directors **and** having limits on the number of directorships that can be held.

“Only a few companies” managed to earn a significant number of bonus points, said Assoc Prof Mak.

The top five companies in corporate **governance and transparency** practices in the first **Governance and Transparency Index** are SingTel, SMRT, Keppel T&T, SGX **and** Keppel Corp.

The next issue of the **index** will be out in the third quarter of this year. The next issue of the **index** will be out in the third quarter of this year.

Document TDAYSG0020090402e5430001w

Governance index expected to improve quality of Singapore firms

430 words
2 April 2009
17:55
Channel NewsAsia
English
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SINGAPORE: Singapore companies need to do more to improve their **governance and transparency**. Experts said a recently released **index** showed more firms in Singapore are ranked lower in these areas than expected.

The National University of Singapore's (NUS) Corporate **Governance and Financial Reporting Centre** and its partner, The Business Times, released the first report of its **Governance and Transparency Index** (GTI).

The **index**, sponsored by CPA Australia, assesses firms on corporate **governance and** disclosure practices.

Singapore telecoms giant SingTel scored the highest on the **index**, followed by four other listed Singapore firms - SMRT, Keppel T&T, Singapore Exchange (SGX) and Keppel Corporation.

Experts said these companies have done well by surpassing basic requirements.

Chaly Mah, president, Singapore Division, CPA Australia, said: "The five top winners are those that have actually gone beyond the minimum standards that are required by the code of corporate **governance**."

"The emphasis really is not just ticking the box of what the code wants you to do, but go beyond the minimum standard and do the best practice."

Some 670 firms are ranked in the **index**, which also highlighted some areas that companies should take into further consideration on the road to increasing **governance and transparency**.

One of these points is the period of time a director sits on a board. Other than that, Singapore firms also need to cut down on the time taken to release financial information.

The **index** findings showed that some 75 per cent of companies wait till the last week of reporting deadline to distribute results and risk assessment.

Experts said the problem lies with how companies implement existing regulations.

The Singapore government, on its part, said it would continue to monitor the regulatory system.

Lim Hwee Hua, minister, Prime Minister's Office & second minister for Finance and Transport, said: "Our regulatory agencies will continue to monitor developments both locally and globally, and look at ways to further strengthen our system."

"The Monetary Authority of Singapore and SGX will also review and identify areas where there is a need to further enhance regulations."

The **index** is expected to improve the general performance of Singapore firms.

Lee Suet Fern, Stamford Law Corporation, said: "I think the GTI is a tremendous step forward, it raises the bar tremendously - from just ticking the boxes to looking at best practices in corporate **governance and transparency**."

"I think companies will look at it. It will raise standards over time; it will raise consciousness of what is good **governance and communication and transparency**."

- CNA/so

Document CNEWAS0020090402e542000b6

focus

A new scorecard to assess governance

1,181 words

6 March 2009

Business Times Singapore

English

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How do you track companies' financial **transparency**, internal **governance** and investor relations all with one **index**? EMILYN YAP reports on the new **Governance and Transparency Index** which will do just that

AN 'F' word has made investors all jumpy **and** riled up these days - the mere mention of 'fraud' is enough to send stocks tumbling as shareholders flee companies accused of various wrongdoings.

And corporate scandals have surfaced at a furious pace in the past few months, partly triggered by the fast-deteriorating business environment. Who can forget Bernard Madoff's Ponzi scheme or the fictitious assets in Satyam Computer Services? Closer to home, investigations of certain transactions in listed NEL Group are still ongoing.

As such events unfold, it is timely to introduce improved standards for the market to assess corporate **governance** in companies here - in November last year, The Business Times (BT) **and** the National University of Singapore's Corporate **Governance** and Financial Reporting Centre (CGFRC) launched the new **Governance and Transparency Index** (GTI).

The GTI also has the sponsorship of CPA Australia **and** support from the Investment Management Association of Singapore.

How it began

The GTI is not entirely new, but it is a major enhancement over the Corporate **Transparency Index** (CTI) which BT launched in 2000.

The CTI focused on the financial **transparency** of Singapore-listed companies - they would be ranked based on the content (quality **and** quantity of information) **and** context (other factors such as timeliness) of annual-result announcements.

In the eight years since, BT has published results from the CTI quarterly. As regulations **and** the corporate environment evolved, the **index** also went through several revisions. Many now see it as a tried-**and**-tested tool to measure **and** compare corporate openness.

Going further

While the CTI served its purpose well, good corporate **governance** goes beyond financial **transparency**. The GTI, which replaces it, will also assess companies' internal **governance** and investor relations.

'The GTI focuses not only on **transparency** of financial information but also on **governance**, ethics **and** rigour in financial reporting, all of which are integral to good business leadership **and** rebuilding financial confidence **and** stability,' said CPA Australia Singapore division president Chaly Mah, who is also CEO of Deloitte Asia Pacific.

The GTI is also more dynamic in grading companies - it will award bonus points or impose penalties according to companies' behaviour.

The GTI methodology

The core GTI measures companies in two areas: '**governance**' **and** '**transparency** & investor relations'. The larger section on **governance** covers matters of the board, remuneration **and** accountability **and** audit, **and** companies can gain up to 75 points here.

The other section on **transparency** **and** investor relations looks at how companies communicate with shareholders **and** it awards up to 25 points.

In all, firms can score up to 100 points in the core **index**. Criteria carry different weights depending on

their relative importance in shaping corporate **governance**. 'We applied some judgment,' said CGFRC co-director Mak Yuen Teen. 'Based on our experience, we think there are certain areas which are more important.'

The centre, which is a unit of the NUS Business School, has been conducting academic research on corporate **governance and** financial reporting since it was set up in 2003. In coming up with the GTI, it considered recommendations from Singapore's Code of Corporate **Governance and** other international best practices.

It also consulted an advisory panel set up specifically for the GTI. Coming from various corporate sectors, the members are BT editor Alvin Tay, Mr Mah, Deutsche Asset Management (Asia) CEO **and** head of South-east Asia institutional sales Andrew Kwek, Stamford Law Corporation senior director Lee Suet Fern **and** Philip Securities managing director Loh Hoon Sun.

'The scorecard is quite a 'stretch' one,' said Prof Mak, but he is confident that some companies can do 'pretty well'.

There is also the bonus component of the GTI that allows companies to up their score past 100. 'We are trying to recognise companies that go beyond' what the core **index** requires, Prof Mak enthused.

A company that sets limits on multiple board representations, for instance, can gain up to three points. 'More **and** more people are saying that directors cannot be that effective if they sit on too many boards,' said Prof Mak. 'Some companies have shared with me that they are actually imposing limits on directorships.'

Likewise, there is a penalty system that deducts points for highly questionable practices. For instance, companies which announce stock option grants late will lose five points. As BT reported recently, such behaviour goes against listing rules **and** raises concern that options could have been backdated for a lower exercise price.

Companies which retain board directors or senior management even if they have been convicted of certain offences will lose as much as 10 points for at least three years.

The GTI advisory panel will provide guidance on the application of bonus or penalty points in contentious cases. It will also help review companies' results before they are published. Ultimately though, CGFRC will make the final call on the methodology **and** scores.

There will be no changes to the core GTI **index** until the next review. The bonus **and** penalty lists however, are not exhaustive **and** may change with new corporate developments, after consultations with the advisory panel.

The full **index** is available for download at www.businesstimes.com.sg **and** also on the CGFRC **and** CPA Australia websites.

Reporting the score

BT will publish the first set of GTI results in the last week of March, covering companies which released their annual reports between Jan 1, 2008 **and** Dec 31, 2008. Companies that have a secondary listing on the Singapore Exchange, real estate investment trusts, business trusts **and** exchange-traded funds will be excluded.

On April 2, CPA Australia will organise the CPA Forum 2009 to discuss the scores, main findings, areas for improvement, **and** to recognise outstanding companies.

Subsequent results will be out twice a year covering the periods January to June, **and** July to December. CGFRC will also collate companies' average GTI scores over time.

Future work

The GTI may undergo more changes to stay relevant **and** Prof Mak already has ideas. If he has his way, the **index** may apply a general 'penalty' on foreign listings because they 'seem to be subject to a different regulatory (regime), **and** there's some question about enforceability of laws.'

A recent case involving Bio-Treat Technology triggered this idea. The company's former chairman had filed a lawsuit against Bio-Treat **and** three of its directors, alleging them of conspiring to defraud him **and** his wife of their stakes in the company **and** proceeds from share disposals.

But he lost his final appeal against a court ruling to stay the legal proceedings in Singapore. Although Bio-Treat is listed here, it is incorporated in Bermuda **and** its operations are mostly in China.

For the time being though, the GTI will stay as it is. **And** hopefully, there will be no more corporate

frauds in the meantime to stir up fear **and** panic among investors.

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New governance index to rate firms launched

Emilyn Yap
532 words
27 November 2008
Business Times Singapore
English
(c) 2008 Singapore Press Holdings Limited

THE Business Times **and** the National University of Singapore's Corporate **Governance and** Financial Reporting Centre (CGFRC) yesterday launched the new **Governance and Transparency Index** (GTI). Not only will it be broader in scope, it will also be more dynamic as actions of companies can attract both bonus **and** penalty points.

The **index** takes on greater relevance today as the financial crisis unfolds - shareholders need to know if their companies are doing the right things to stay afloat **and** get ahead.

'In times of crisis, it is even more important for companies to maintain high standards of **governance** to regain investor confidence,' said Mak Yuen Teen, co-director of the CGFRC, which is a unit of the NUS Business School. 'Given the current investor sentiment, it is an apt time to launch this **index**.'

The new **index**, which is sponsored by CPA Australia, will replace the Corporate **Transparency Index** (CTI) which BT launched in 2000. The CTI examines the financial **transparency** of Singapore-listed companies **and** BT has been publishing it quarterly.

What makes the GTI different is its broader scope. The **index** will assess companies on their corporate **governance** disclosures **and** practices as well as the timeliness, accessibility **and** transparency of their financial results announcements. **Governance** issues coming under the spotlight include the tenure of independent directors **and** the number of directorships they hold.

'This **index** will provide a more holistic measure of the efforts of companies in improving **governance and transparency** in order to enhance long-term shareholder value,' said BT editor Alvin Tay.

The GTI is also more dynamic as it adopts a bonus **and** penalty system, said Prof Mak. Companies will receive points for following recommendations from the Code of Corporate **Governance** but they can do more to boost their score.

Such initiatives would include having an independent chairman or setting term limits for directors. 'What we are trying to do with this **index** is to recognise companies which go beyond simply ticking the boxes,' said Prof Mak.

On the other hand, poor **governance** practices will lead to penalties. Companies which retain or appoint directors or senior management who have been subjected to regulatory actions, for instance, will have points deducted from them. In some cases, these deductions may apply for a number of years.

Prof Mak pointed out, however, that 'as with any kind of corporate **governance index** or metric, we can never have 100 per cent assurance of accuracy'. Companies' corporate **governance** culture can evolve as major shareholders, directors or senior management change for instance.

BT will publish the first issue of the GTI in the first quarter of 2009, covering companies which released their annual reports between January **and** December 2008. Subsequent issues will be out bi-annually for periods from January to June **and** July to December.

There are plans to unveil more details on the GTI scorecard soon, **and** forums to brief companies on it could follow. 'Companies with strong **governance and transparency** will be able to ride through the current economic slowdown much better **and** emerge even stronger,' said Chaly Mah, president of CPA Australia Singapore division **and** CEO of Deloitte, Asia Pacific.

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Money
Index to encourage better governance

Alvin Foo
330 words
27 November 2008
Straits Times
English
(c) 2008 Singapore Press Holdings Limited

A NEW **index** has been launched to promote corporate **governance and transparency** among companies here.

The **Governance and Transparency Index** replaces an existing **index** which looked simply at financial **transparency**.

The new **index** is more rigorous **and** has a broader focus on investor relations, **governance and transparency**.

The **index** was jointly announced yesterday by the Corporate **Governance and** Financial Reporting Centre (CGFRC) of the National University of Singapore's Business School **and** The Business Times.

It will be sponsored by CPA Australia.

The first edition of the new **index** will be published in The Business Times in the first quarter of next year, **and** it will be done twice a year instead of quarterly.

CGFRC co-director Mak Yuen Teen said: 'It's time to raise the bar, to recognise companies which go beyond simply ticking the boxes.'

Companies will now be assessed on areas such as the tenure of independent directors, **and** whether a firm has a separate investor relations link on its website **and** uploads the latest financial results on its website.

The new **index** will also have a bonus **and** penalty system to reward or punish companies for their practices.

These areas include earnings restatements, frequent turnover of senior management **and** red flags raised by auditors.

In some cases, the penalties may continue to last for a number of years, such as the appointment of directors who have undergone regulatory action.

'The new **index** focuses not only on **transparency** of financial information but also on **governance**, ethics **and** rigour in financial reporting,' said Mr Chaly Mah, president of CPA Australia Singapore division.

Business Times editor Alvin Tay said the **index** will not only assess companies on their financial **transparency** like the previous **index**, but also include the quality of their corporate **governance**.

He added: 'This **index** will provide a holistic measure of the efforts of companies in improving **governance and transparency** in order to enhance long-term shareholder value.'

Document STIMES0020081126e4br0000a



Business
NUS Business School revamps corporate-governance index

TODAY
326 words
27 November 2008
TODAY (Singapore)
AM & PM
76
English
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LISTED companies in Singapore will soon be more closely scrutinised for their corporate **governance** practices.

A centre at the NUS Business School has revamped its corporate **transparency index** to measure a broader range of indicators, including the make-up of the board of directors **and** how well they disclose material information.

The new measure, called the **Governance and Transparency Index**, or GTI, will assess companies on a broad spectrum of issues. Besides financial **transparency**, the GTI will look at the quality of **governance** of companies.

Co-director of the Corporate **Governance and** Financial Reporting Centre at NUS Business School Mak Yuen Teen says some new measurements include tenure of independent directors, conduct of voting, **and** investor relations practices.

Associate Professor Mak says that, apart from a scorecard, the GTI will use a bonus **and** penalty system, which makes the assessment more comprehensive.

“We think **governance** is a lot more about what companies practise, so the bonus **and** penalty system actually looks at specific practices that they adopt — good **and** bad practices.

“So, for example, if companies keep directors who have faced regulatory action, we think that’s a bad tone at the top **and** that would affect the **governance** in the entire company.

“In that situation we actually deduct points for all the companies that the director sits on.”

Other practices that will affect a company’s score negatively include the issuance of a profit warning shortly after an IPO; restatements of earnings, **and** frequent turnover of senior management.

Prof Mak adds that this is a good time to launch the **index** as investors can gauge **governance** standards of companies in a time of crisis.

“In bad times like these, good **governance** is going to be even more important,” she said.

The **index** will be published on a semi-annual basis, **and** the first reading can be expected during the first quarter of next year. 938LIVE

Document TDAYSG0020081126e4br00036

New index to track corporate governance of firms in Singapore

299 words
26 November 2008
19:49
Channel NewsAsia
English
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SINGAPORE : Singapore's eight-year-old Corporate **Transparency Index** (CTI) will be replaced next year by a more well-rounded measure of **governance and transparency**.

The **Governance and Transparency Index** (GTI) will be compiled by the Corporate **Governance and Financial Reporting Centre** of the NUS Business School.

While the previous **index** focused only on financial **transparency**, the GTI considers more factors. The new **index** will track a firm's **governance** practices, investor relations **and** scrutinise the remuneration schemes of executives.

The rating system will also take into account the actions of a firm's board member on boards outside of that particular company.

Mak Yuen Teen, co-director of the Corporate **Governance & Financial Reporting Centre** explained: "For example, if companies keep directors who have faced regulatory action, we think that's a bad tone at the top, **and** that will affect the **governance** of the entire company. So in that situation, we will deduct points for all the companies that the director serves on."

Yearly forums will be held to help educate companies about the new standards, **and** inform them of the latest **governance** concerns.

Given the current difficult economic climate, the centre believes the new **index** will help firms regain the trust of investors **and** bring back much needed confidence to the market.

"This crisis is essentially a crisis of confidence, so how do you regain investor confidence? I think the key is to demonstrate that investors should trust you, **and** put their money in you. So for good **governance**, (now) is the best time to remind companies that good **governance** matters," said Mak.

The results of the new **index** will be released twice a year, with the first to be issued in January 2009. - CNA /ls

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