

ASEAN CORPORATE GOVERNANCE SCORECARD

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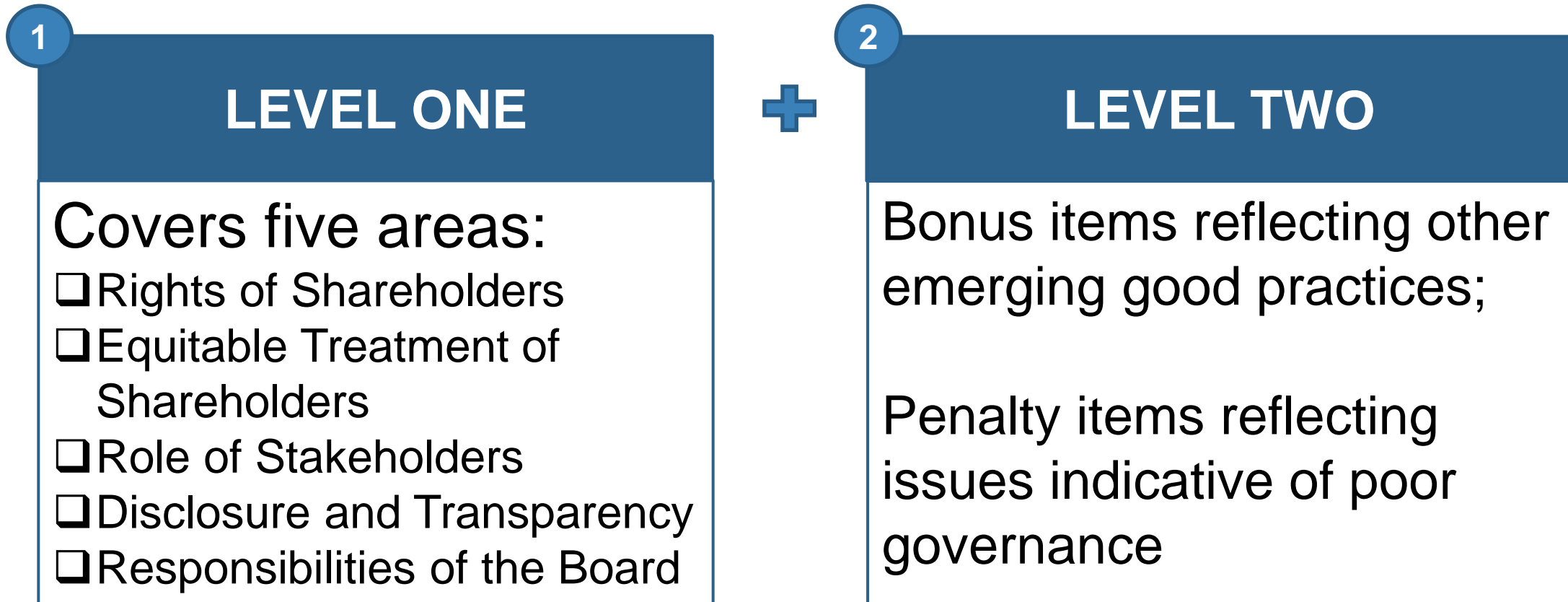
Introduction

Introduction

- ▷ Started in 2011; 6 participating countries include Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam
- ▷ Underlying rationale
 - *Reflect global principles and internationally recognised good practices*
 - *Universal and capable of being applied to different markets in ASEAN*
 - *Robust quality assurance processes to ensure independence*
- ▷ ASEAN Capital Market Forum Working Group comprises representatives from six countries, coordinated by Securities and Exchange Commission Philippines
- ▷ SID and CGS appointed by Monetary Authority of Singapore as domestic ranking body
- ▷ Scorecard enhancement
 - *Scorecard is currently being reviewed*
 - *G20/OECD Principles of Corporate Governance used as main benchmark*

Scorecard Structure

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Scorecard Structure

Level 1 Score (Max = 100 points)

Rights of shareholders (10)

Equitable treatment of shareholders (10)

Role of stakeholders (15)

Disclosure and transparency (25)

Responsibilities of the board (40)

Level 2 Score (Max = 30 points)

Bonus	Penalty
(+30)	(-67)

**Total Score Attainable
(Max = 130 points)**

Scorecard Items

Part1	Number of Items
A – Rights of Shareholders	21
B – Equitable Treatment of Shareholders	15
C – Role of Stakeholders	13
D – Disclosure and Transparency	32
E – Responsibilities of the Board	65
Level 1 Total	146
Bonus	13
Penalty	25
Total	183

Note: 31 questions (or 21%) out of the total 146 Level 1 questions are given more weight based on the key areas to sharpen the focus.

Assessment Process

Shortlist:

100 largest companies by market capitalisation

Assess and Analyse*:

100 companies using Scorecard

Peer Review:

Top 35 Singapore companies by governance performance

Publish:

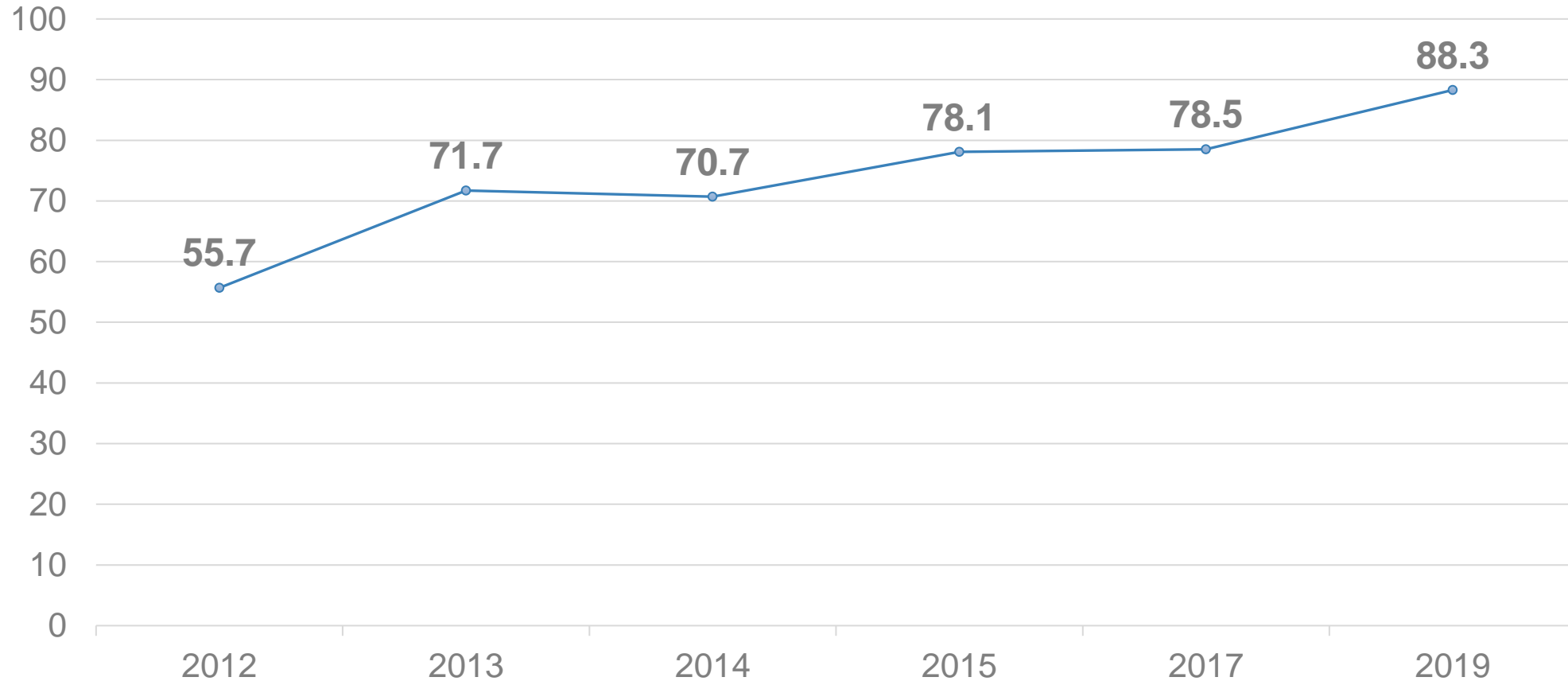
Companies by rank based on corporate governance scores

* Data sources:

- Annual reports for the year ending between April 2018 and March 2019
- SGX announcements and media articles between 1 August 2017 and 31 July 2019
- REITs and Business Trusts were excluded

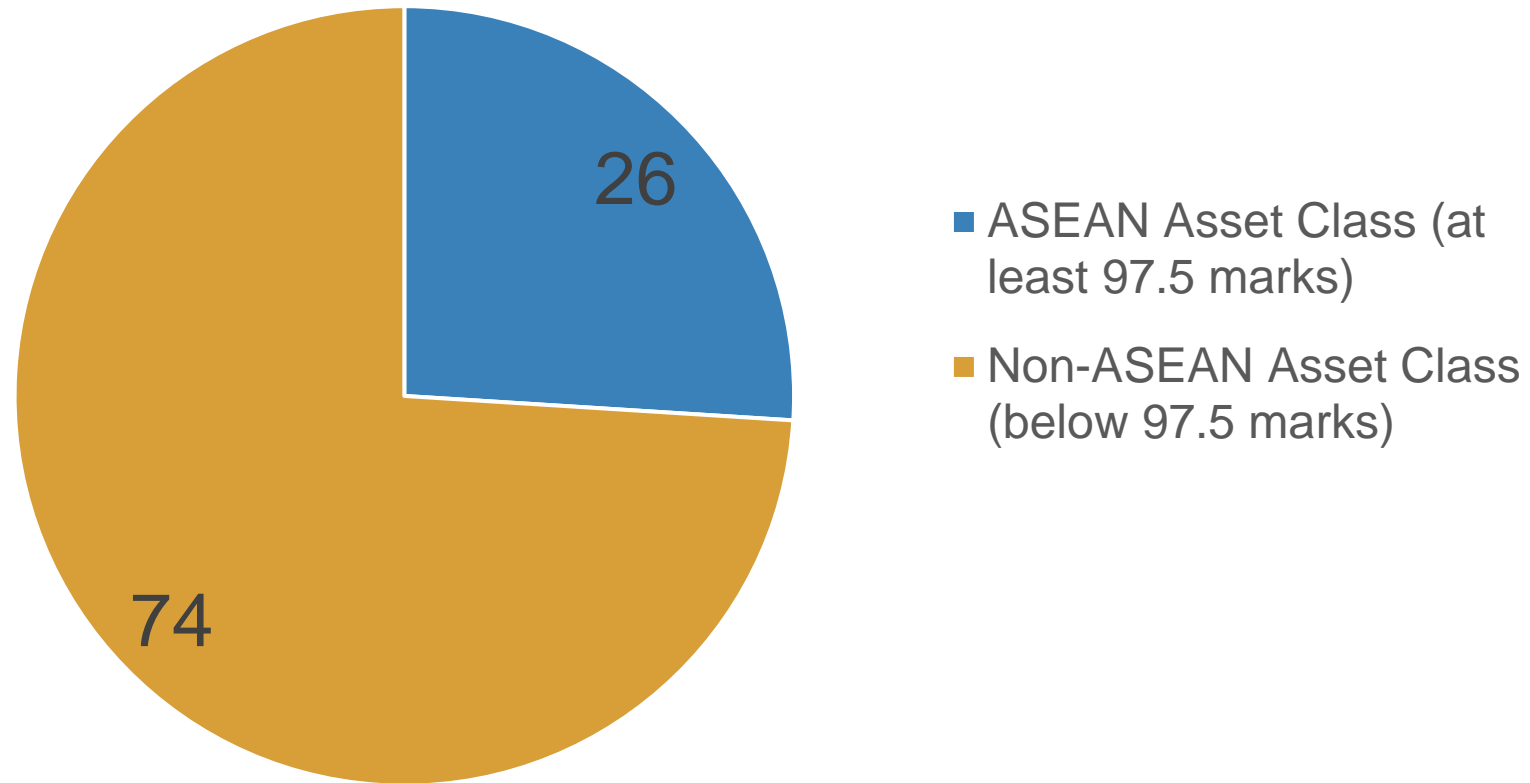
Singapore's Progress in the Scorecard

Singapore's Average Total Score

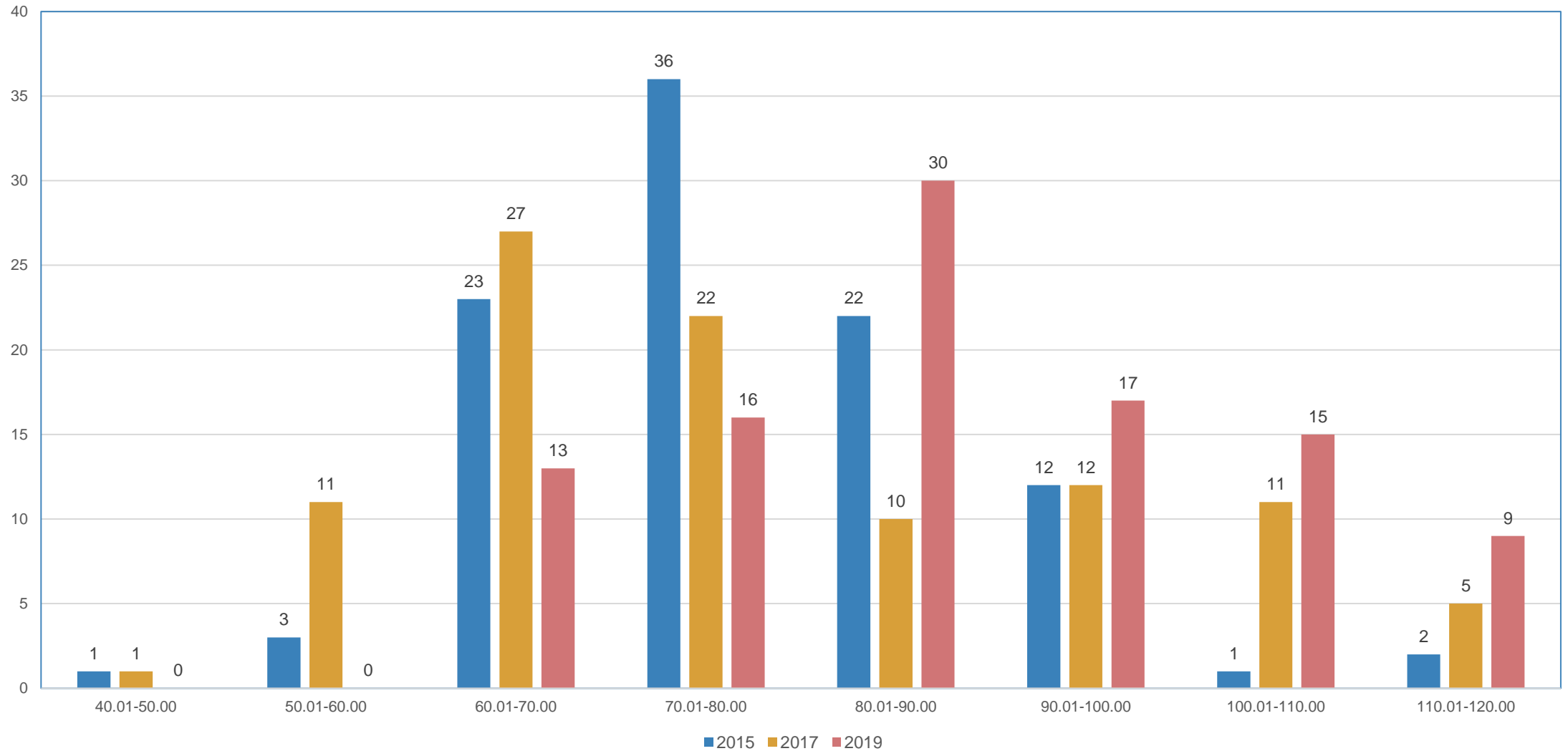


Note: 2016 was a gap year for revision and no assessment was conducted. After 2016, ACGS is conducted in every two-year cycle.

Proportion of Singapore's Publicly-listed Companies Classified as ASEAN Asset Class



Singapore's Total Score Distribution

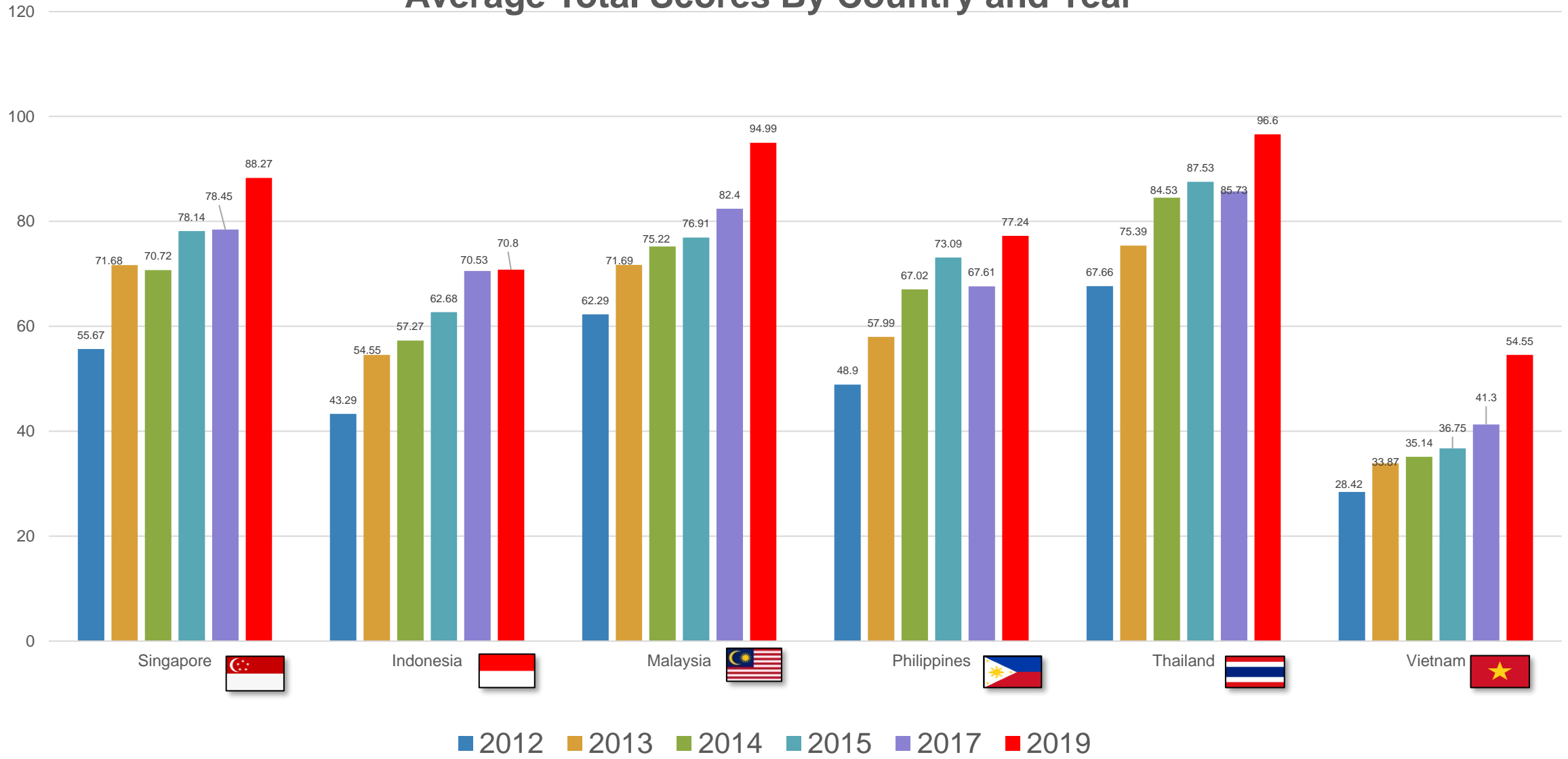


Singapore's Share in ASEAN Top-Performers

ACGS Ranking 2019	Number of Singapore Companies	Percentage by Singapore Companies
TOP 10	4	40%
TOP 20	5	25%
ASEAN Asset Class	26	19%

Note: ASEAN Asset Class refers to companies which scored at least 97.5 marks or above out of a maximum total of 130 marks in ACGS 2019.

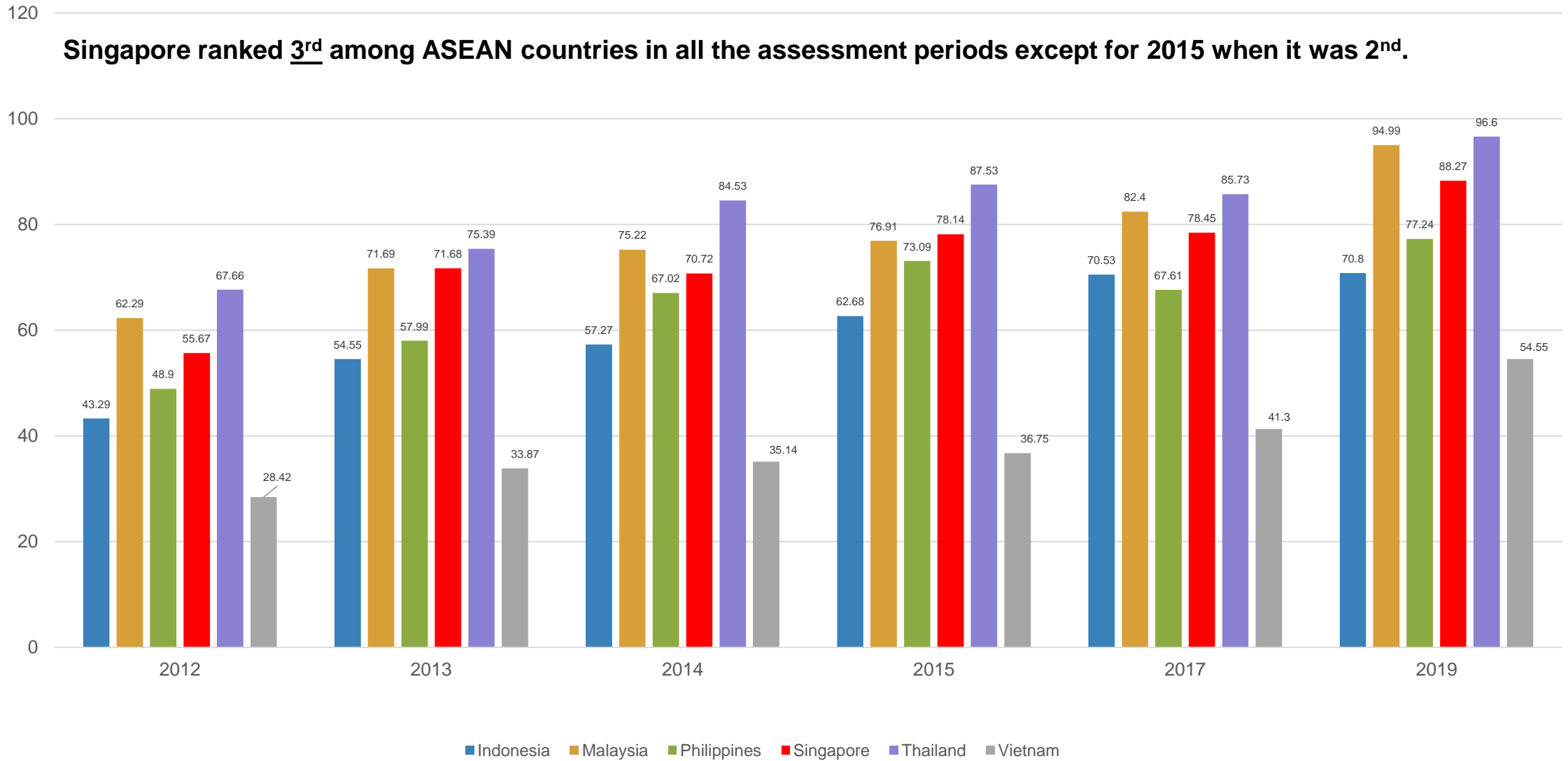
Average Total Scores By Country and Year



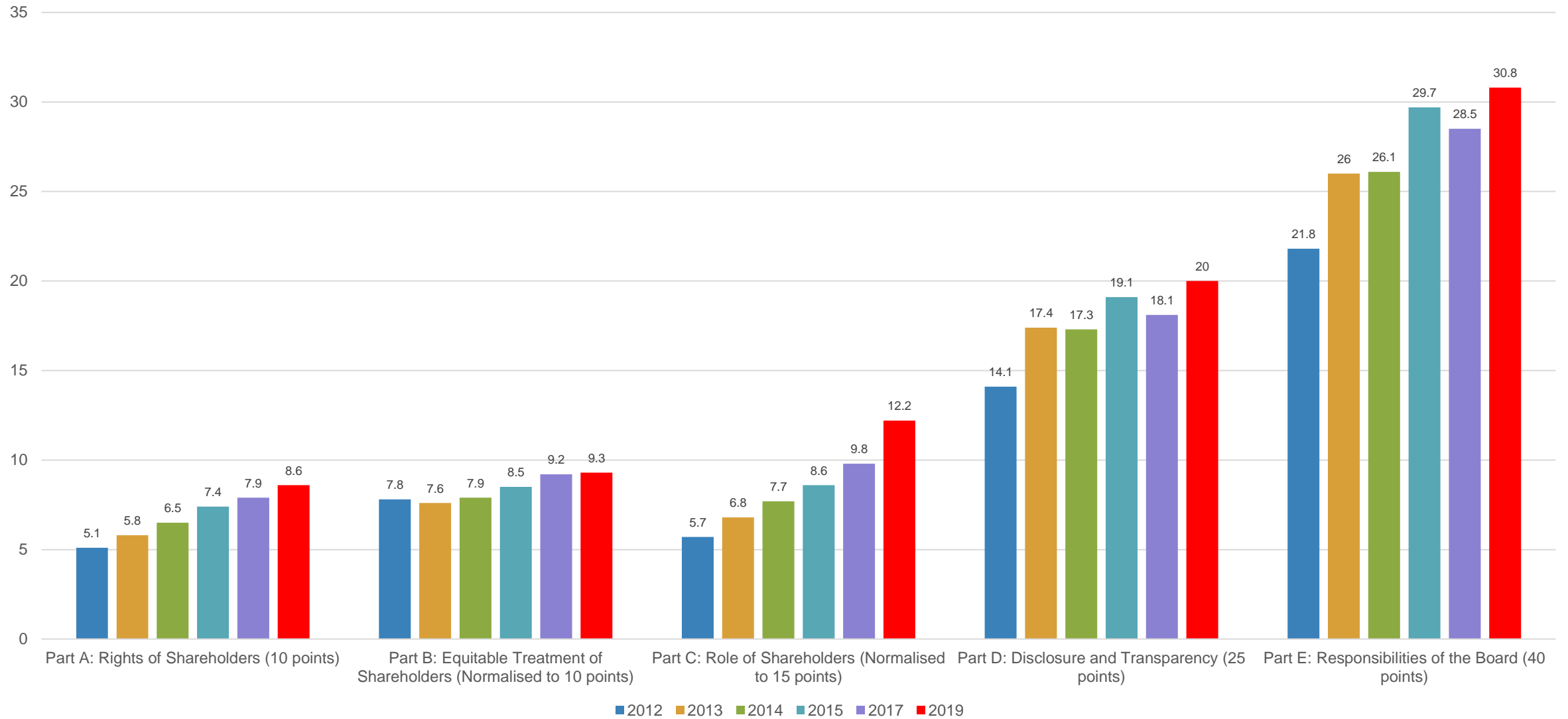
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Average Total Scores by Year and Country

Singapore ranked 3rd among ASEAN countries in all the assessment periods except for 2015 when it was 2nd.



Singapore's Component Scores By Year



Areas of Improvement

Areas of Improvement

Part A: Rights of Shareholders	All (100 Companies)	Top 20 Companies	21st-100th ranked companies
Does the company disclose that all board members and the CEO (if he is not a board member) attended the most recent AGM?	34%	75%	24%
Does the company disclose the list of board members who attended the most recent AGM?	36%	85%	24%
Do the minutes of the most recent AGM record that the shareholders were given the opportunity to ask questions and the questions raised by shareholders and answers given recorded?	48%	75%	41%
Does the company pay dividends in an equitable and timely manner within 30 days after being (i) declared for interim dividends and (ii) approved by shareholders at general meetings for final dividends?	69%	85%	65%
Does the company provide at least 21 days notice for all AGMs and EGMs?	51%	80%	44%

Areas of Improvement

Part B: Equitable Treatment of Shareholders	All (100 Companies)	Top 20 Companies	21st-100th ranked companies
Does the company have a policy requiring board members (directors/commissioners) to abstain from participating in the board discussion on a particular agenda when they are conflicted?	65%	90%	59%
Does the company disclose that RPTs are conducted in such a way to ensure that they are fair and at arms' length?	87%	90%	86%
Are the profiles of directors/commissioners (at least age, academic qualification, date of appointment, experience, and directorships in other listed companies) in seeking election/re-election included?	84%	100%	80%

Areas of Improvement

Part C: Role of Stakeholders	All (100 Companies)	Top 20 Companies	21st-100th ranked companies
Does the company have a reward/compensation policy that accounts for the performance of the company beyond short-term financial measures?	59%	85%	50%
Does the company disclose a policy and practices that address supplier/contractor selection procedures?	62%	80%	58%
Does the company disclose a policy and practices that address their anti-corruption programmes and procedures?	67%	100%	59%
Does the company have a policy or procedures to protect an employee/person who reveals alleged illegal/unethical behaviour from retaliation?	70%	90%	65%

Areas of Improvement

Part D: Disclosure and Transparency	All (100 Companies)	Top 20 Companies	21st-100th ranked companies
Does the company have a website disclosing up-to-date company's constitution (company's by-laws, memorandum and articles of association)?	20%	50%	13%
Does the company's annual report disclose non-financial performance indicators?	39%	75%	30%
Does the company have a website disclosing up-to-date information on the minutes of AGM and/or EGM?	43%	85%	33%
Does the company disclose the direct and indirect (deemed) shareholdings of senior management?	55%	60%	54%
Biographical details (at least age, academic qualifications, date of first appointment, relevant experience, and any other directorships of listed companies) of all directors/commissioners?	69%	95%	63%

Areas of Improvement

Part E: Responsibilities of the Board	All (100 Companies)	Top 20 Companies	21st-100th ranked companies
Has the company set a limit of five board seats that an individual independent/non-executive director/commissioner may hold simultaneously?	10%	20%	8%
Does the board of directors/commissioners conduct an annual performance assessment of the CEO/Managing Director/President?	15%	30%	11%
Does the company have a term limit of nine years each for its independent directors?	24%	50%	18%
Does the company disclose the process on how the board of directors/commissioners plans for the succession of the CEO/Managing Director/President and key management?	33%	70%	24%

Areas of Improvement

Part E: Responsibilities of the Board	All (100 Companies)	Top 20 Companies	21st-100th ranked companies
Are board papers for board of directors/commissioners meetings provided to the board at least five business days in advance of the board meeting?	35%	55%	30%
Are the details of the code of ethics or conduct disclosed?	63%	95%	55%
Did the company conduct an annual performance assessment of the individual directors/commissioners and disclose the criteria and process followed for the assessment?	68%	75%	66%
Does the company have measurable standards to align the performance-based remuneration of the executive directors and senior executives with long-term interests of the company, such as claw back provision and deferred bonuses?	51%	90%	41%

Areas of Improvement

Bonus Questions	All (100 Companies)	Above Average (40 Companies)	Below Average (60 Companies)
Does the company release its notice of AGM (with detailed agendas and explanatory circulars), as announced to the Exchange, at least 28 days before the date of the meeting?	19%	30%	16%
Do independent non-executive directors/commissioners make up more than 50% of the board of directors/commissioners for a company with independent chairman?	24%	75%	11%
Is the Nominating Committee comprise entirely of independent directors/commissioners?	30%	45%	26%
Does the board describe its governance process around IT issues including disruption, cyber security, disaster recovery, to ensure that all key risks are identified, managed and reported to the board?	37%	90%	24%
Does the company disclose details of remuneration of the CEO?	55%	100%	44%

Conclusion

Conclusion

- ▷ Singapore PLCs made a significant improved performance in 2019.
- ▷ 26 of them scored at least 97.5 points out of a maximum of 130 points and are classified as ASEAN Asset Class.
- ▷ Five of them were ranked the Top 20 ASEAN PLCs.
- ▷ Role of Stakeholders registered the greatest increase of 144% since 2012.

Conclusion

- ▷ Key strengths
 - (1) Directors and employees prohibited from benefitting from insider information.
 - (2) All companies disclosed that their company had established a sound internal control procedures/risk management framework.

Conclusion

▷ Key weaknesses

- (1) A disclosed policy requiring board members to abstain from participating in board discussion
- (2) Disclosure and address their anti-bribery and corruption policies and procedures
- (3) Publish AGM minutes on company websites
- (4) Annual performance assessment of the CEO conducted by the board and of individual directors

Q&A Session
