SingTel most well-governed company

Find out industries with biggest improvements in corporate governance according to NUS.

The finance industry was among three sectors that saw the biggest improvements in corporate governance, according to the inaugural Board Report, which showcases highlights of the Governance and Transparency Index (GTI) over the past three years.

Compared to GTI 2011, the finance, multi-industry and transport, storage and communications (TSC) sectors each scored average increases of between four and five points on the 2012 edition of the Index.

The improvements gave them average scores of more than 40 points - higher than the other industries - which put the majority of their firms in the top 25 per cent of the GTI 2012.

The main driver for the improvements was related to the boards of directors in these sectors. Director independence was strongly upheld while governance disclosures were made when appointing directors. Firms also had more transparent director appraisal processes. Other factors contributing to the strong showing were disclosures of director and management remuneration, as well as having internal controls and accountability measures in place, such as whistleblowing.

TSC firms include ComfortDelGro Corporation, Cosco Corporation, Singapore Airlines and SingTel, while the multi-industry sector includes companies like Sembcorp Industries, Tuan Sing Holdings and Keppel Corporation.

The GTI scores by industry have been revealed for the first time in Board Report 2012. The GTI project is a tripartite collaboration between NUS Business School’s Centre for Governance, Institutions and Organisations (CGIO), CPA Australia and The Business Times. The study is also supported by the Investment Management Association of Singapore.

SingTel was ranked Singapore’s most well-governed and transparent company for the fourth consecutive year, clinching a total of 111 points in GTI 2012.

The Board Report builds on the GTI findings released in April 2012 at the CPA Forum organised by CPA Australia. The report also highlights real-life perspectives of industry and corporate leaders who have found value in good corporate governance in their sectors and companies.

“The difference between the top firm’s score and average results in the three best-performing sectors shows that we still have some way to go in the standard of corporate governance in Singapore. It is also worth noting that companies in these three sectors make up only about 12 per cent of firms in the GTI. However, with the improved scores we have seen this year generally, I am cautiously confident that firms are on the right track to better governance,” said Associate Professor Lawrence Loh, researcher with CGIO of NUS Business School who led the GTI project.

The mean GTI score increased from 31.5 in 2011 to 34.9 in the 2012 GTI - the highest since the index was launched in 2009.

The GTI ranks Singapore-listed companies annually on a range of corporate governance indicators including board independence, remuneration, auditing and accountability. The index excludes listings such as real estate investment trusts, business trusts, exchange-traded funds, secondary listings, suspended companies, delisted companies as well as newly-listed companies that did not have a full year’s financial report at the time of assessment.

This year’s GTI ranked a total of 674 Singapore-listed companies which released their annual reports in 2011.