Companies selective on governance revisions

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Multiple directorships cap in new Code worst followed: BT analysis

One Code to rule them all

Companies’ limits on multiple board seats

Is there a limit on concurrent directorships?

Companies that have been listed for shorter than six years were not counted

Companies that were following more than one code (governance codes were not cross-referenced)

Is at least one-third of the board independent?

Questions about the Code’s effectiveness and relevance

Observations were split. ‘The Code was meant to be aspirational to induct’, said Adrian Chia, senior advisory partner at Deloitte. ‘But it did not go beyond the idea that the directors and other members of the management should be independent and should not be in a conflict of interest.”

“Unless the Code is mandatory instead of a set of recommended guidelines, we need to continue to see varying degrees of compliance and adoption of the Code,” he said.

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Source: The Business Times

By KARA QIEN

Companies appear to be largely dissatisfied with the Code of Corporate Governance recommendations to limit multiple directorships on their boards, according to The Business Times’ analysis of 25 large Mainboard and Catalist companies.

Companies with key positions in the Code were generally mixed, with the annual reports of 25 listed firms in June or November, and whose annual reports were available as of April 29.

According to the new version of the guidelines, which were last changed in 2012,

Companies mostly met guidelines on the proportion of independent directors (ID) on their boards, but fell short on limits on the number of directorships.

An examination of the issues of multiple directorships, remuneration disclosure and assessing the independence of long-tired directors

On the directorships, just 13 out of 70 companies surveyed followed the recommendations to set and disclose a limit for all directors. Of the other 26 companies, 10 explicitly chose not to limit the number of boards a director may sit on.

Most of those companies said a blanket limit would not be as effective as individual assessments.

And some observers appeared to agree.

“Generally, nothing stopping someone who, for example, holds more than 30 directorships, from being re-elected,” said Irving Lee, IPOS’ local head of risk consulting.

But Associate Professor Mak Yuen Yum of the National University of Singapore (NUS) Business School believes limits are important in Singapore’s context.

In countries where director limits are higher legal