

# CPA Forum 2012

The image features two spotlights at the top corners, one on the left and one on the right. Each spotlight is a grey, stylized object with a black lens and a yellow light beam. The beams from both spotlights converge on a central rectangular box. The background is white.

**Spotlight on Singapore:**  
Governance & Transparency Index (GTI) 2012

**Assoc Prof Lawrence Loh**

**Centre for Governance, Institutions and Organizations  
NUS Business School**

**26 April 2012**

# The GTI Project

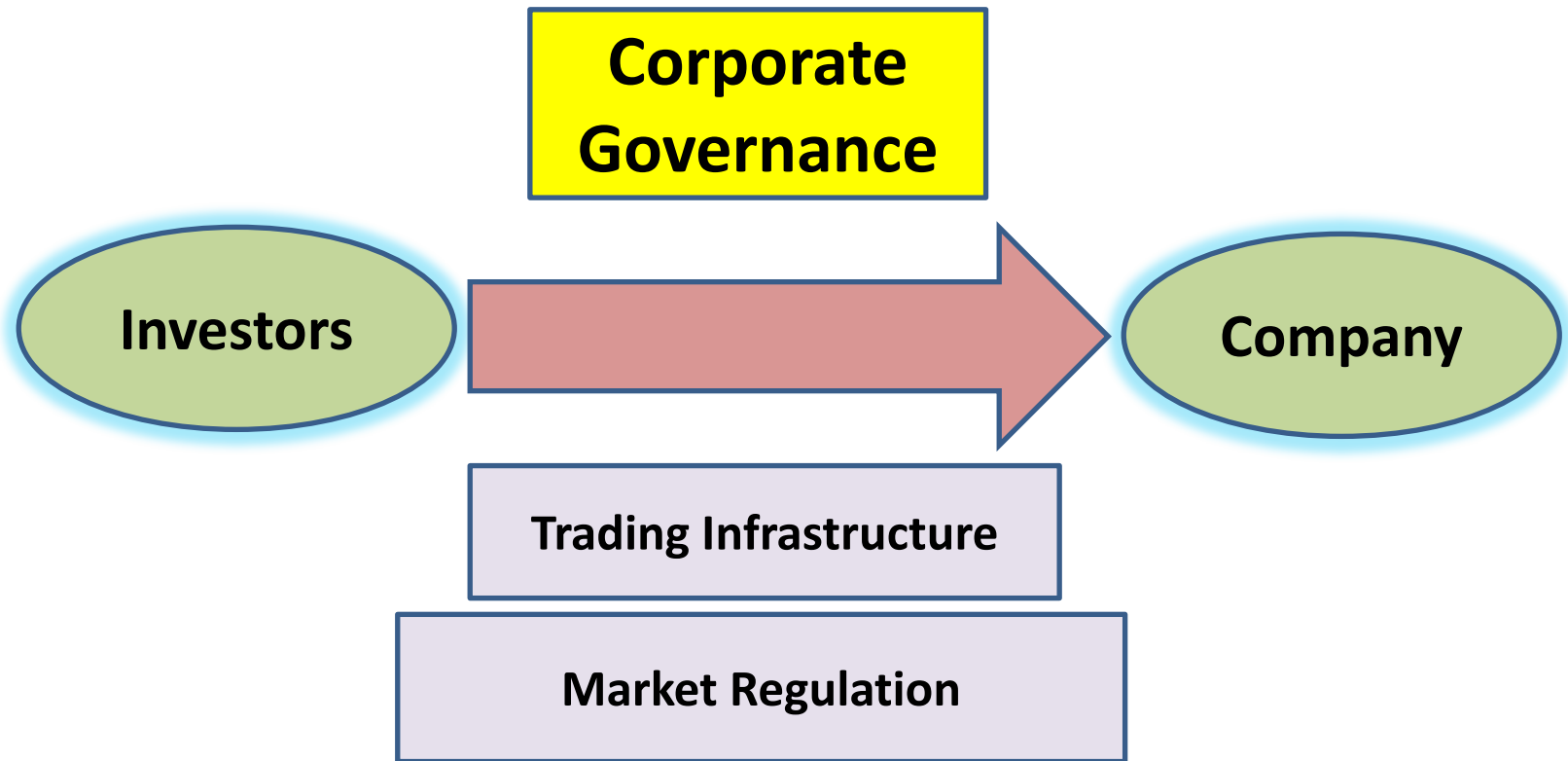
## *Tripartite collaboration*



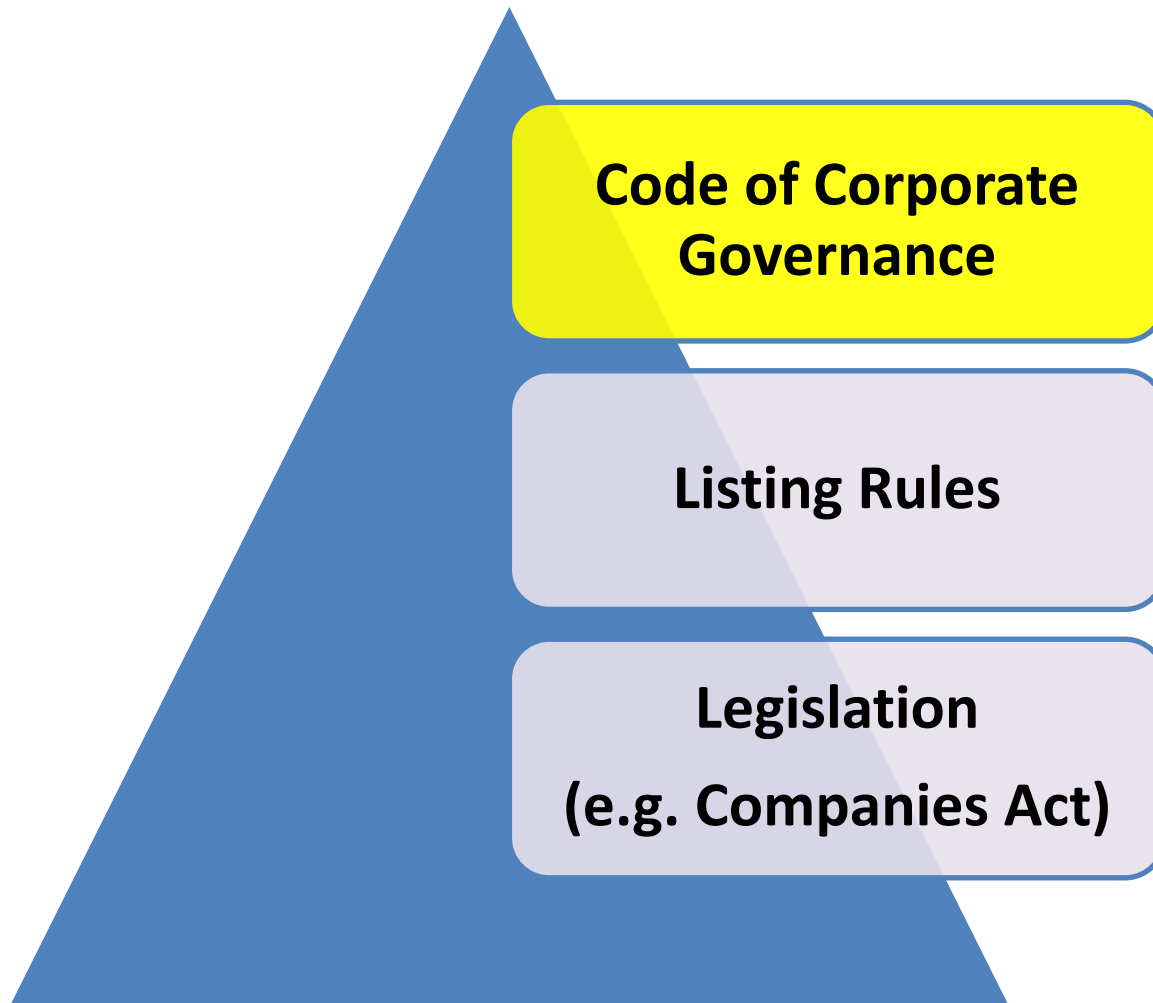
## *Supported by*



# Corporate Governance Rationale



# Corporate Governance in Singapore



# The GTI Project: Objectives

- Assess companies on
  - corporate governance disclosure & practices
  - timeliness, accessibility & transparency of financial results announcement
- Recognize companies that go beyond simply meeting Code
- Provide benchmarks for comparison

# The GTI Project: Framework

**Base Score (Max = 100 points)**



Board matters (Max = 35 points)

Remuneration matters (Max = 20 points)

Accountability & audit matters (Max = 20 points)

Transparency & investor relations (Max = 25 points)



Adjustments for bonuses/penalties (+/-)



**Overall GTI Score**

# GTI Advisory Panel

- Mr Ang Hao Yao, Director, Trader Investment Pte Ltd
- Mr Andrew Kwek, Chief Executive Officer, Institutional Sales SE Asia, Deutsche Asset Management (Asia) Ltd
- Mrs Lee Suet Fern, Senior Director, Stamford Law Corp
- Mr Loh Hoon Sun, Managing Director, Phillip Securities Pte Ltd
- Mr Chaly Mah, Chief Executive Officer, Deloitte Asia Pacific
- Mr Alvin Tay, Editor, The Business Times

# GTI 2012 - Coverage

- 674 companies that released ARs in 2011
- For companies with Sep financial year-end, cut-off date: 31 Jan 2012
- 75 companies excluded:
  - Companies with secondary listings
  - Suspended companies
  - Delisted companies
  - Newly-listed companies
  - REITs, Trust & Funds
  - Companies that did not release their ARs during time period

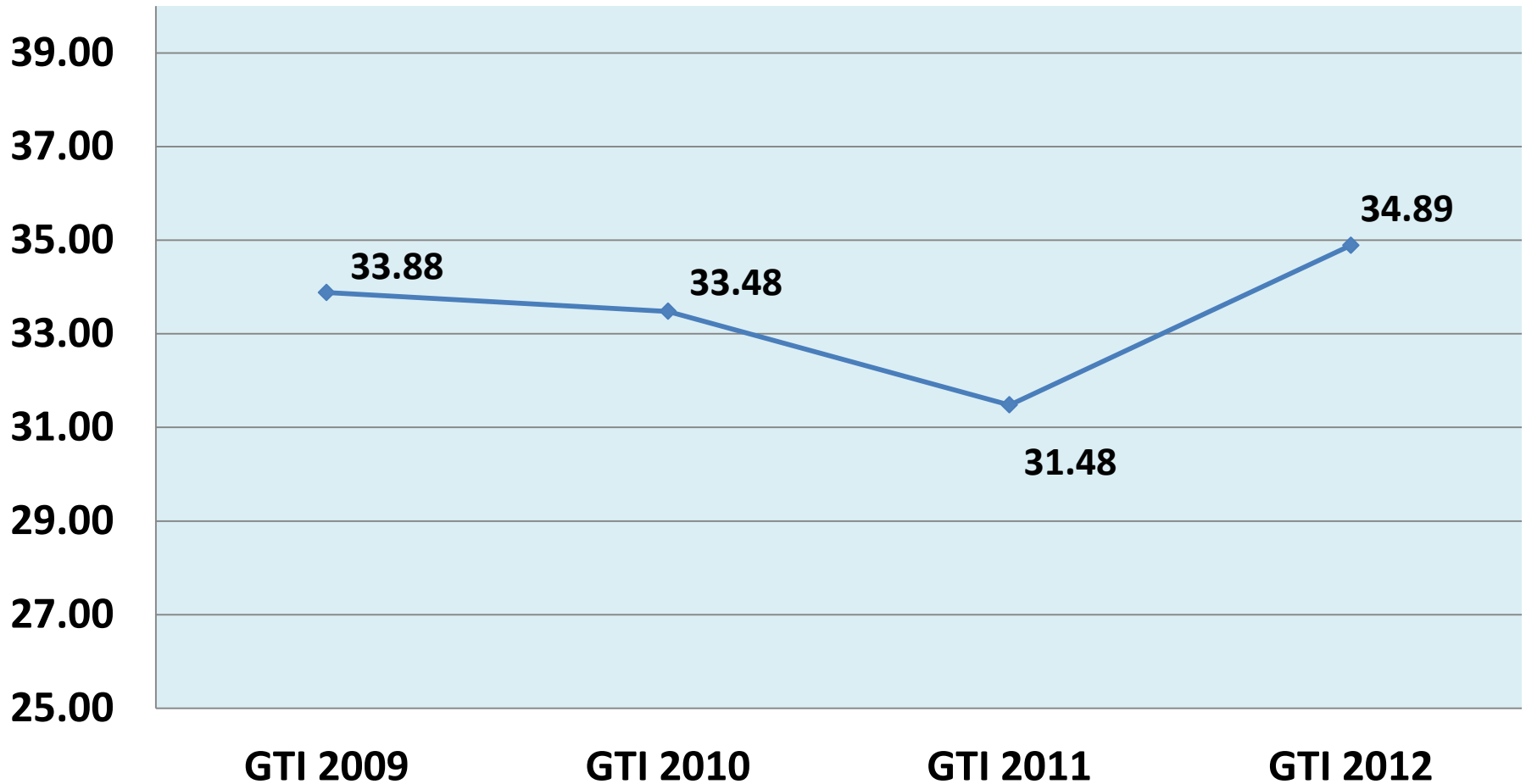


# GTI 2012 – Data Sources

- Annual reports
- Company announcements: 1 January 2010 to 31 January 2012
- Corporate websites
- Information obtained from companies

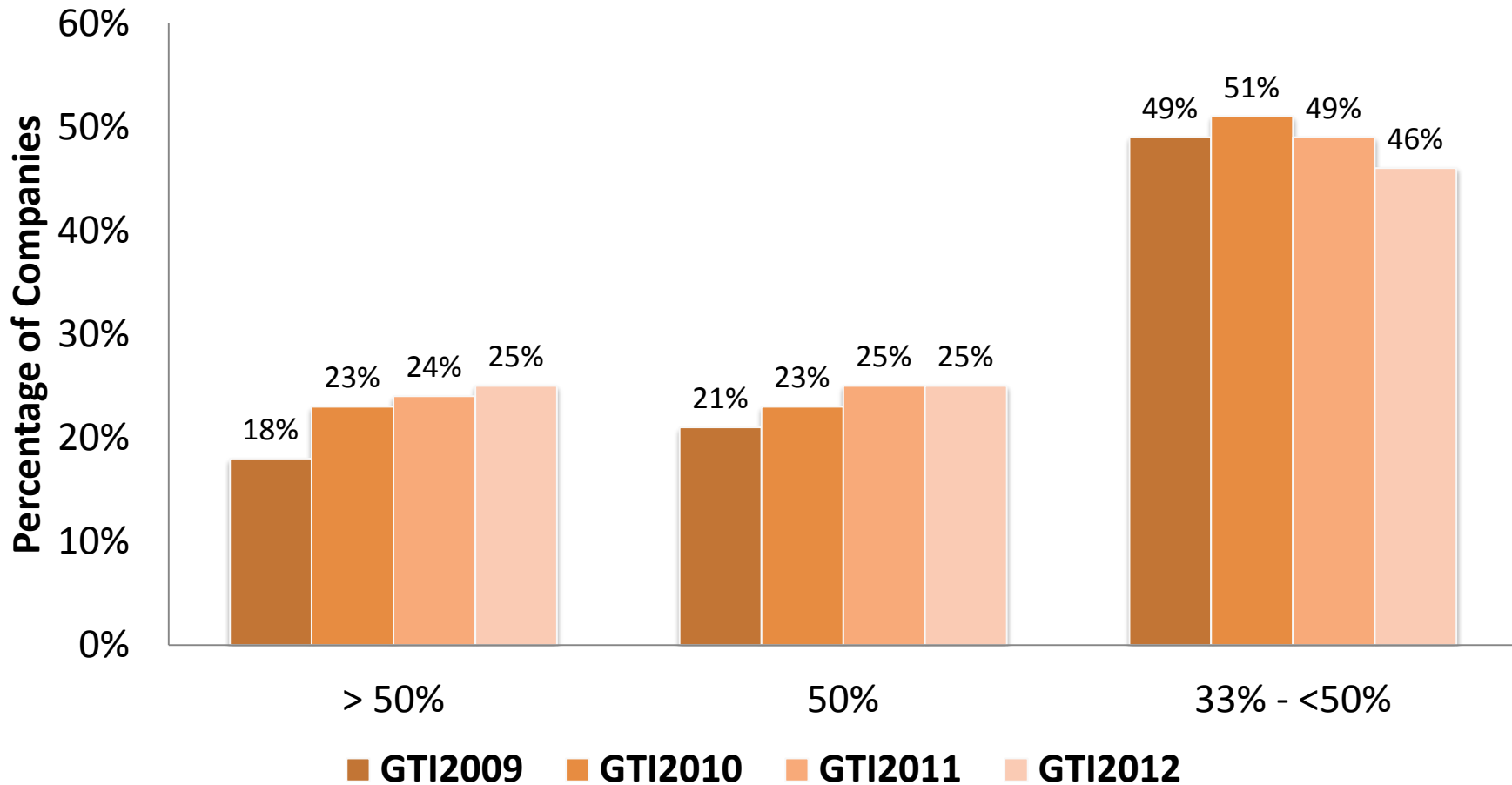
# GTI Trends

## Mean Score



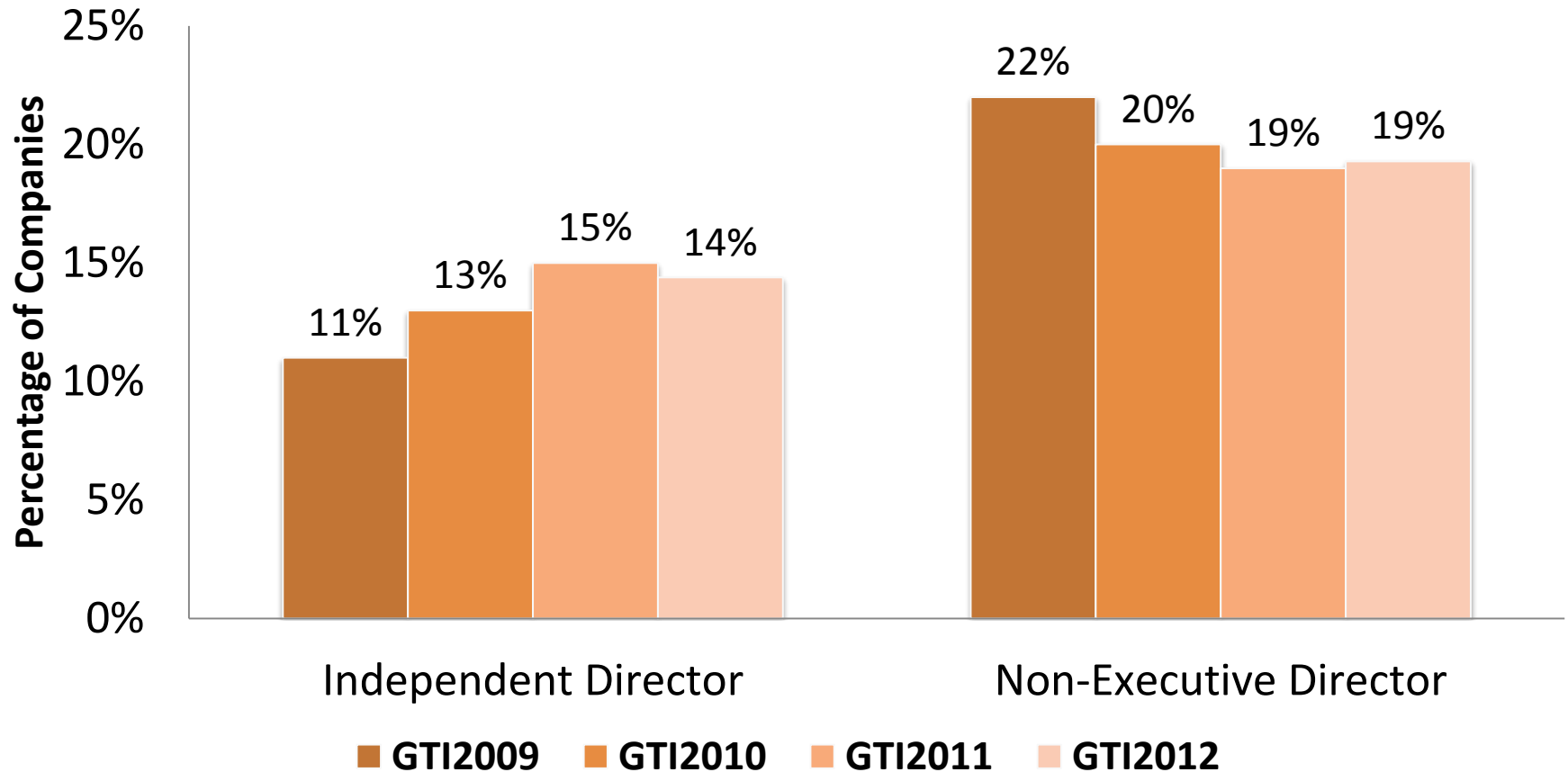
# Board Matters

## Proportion of Independent Directors on Board



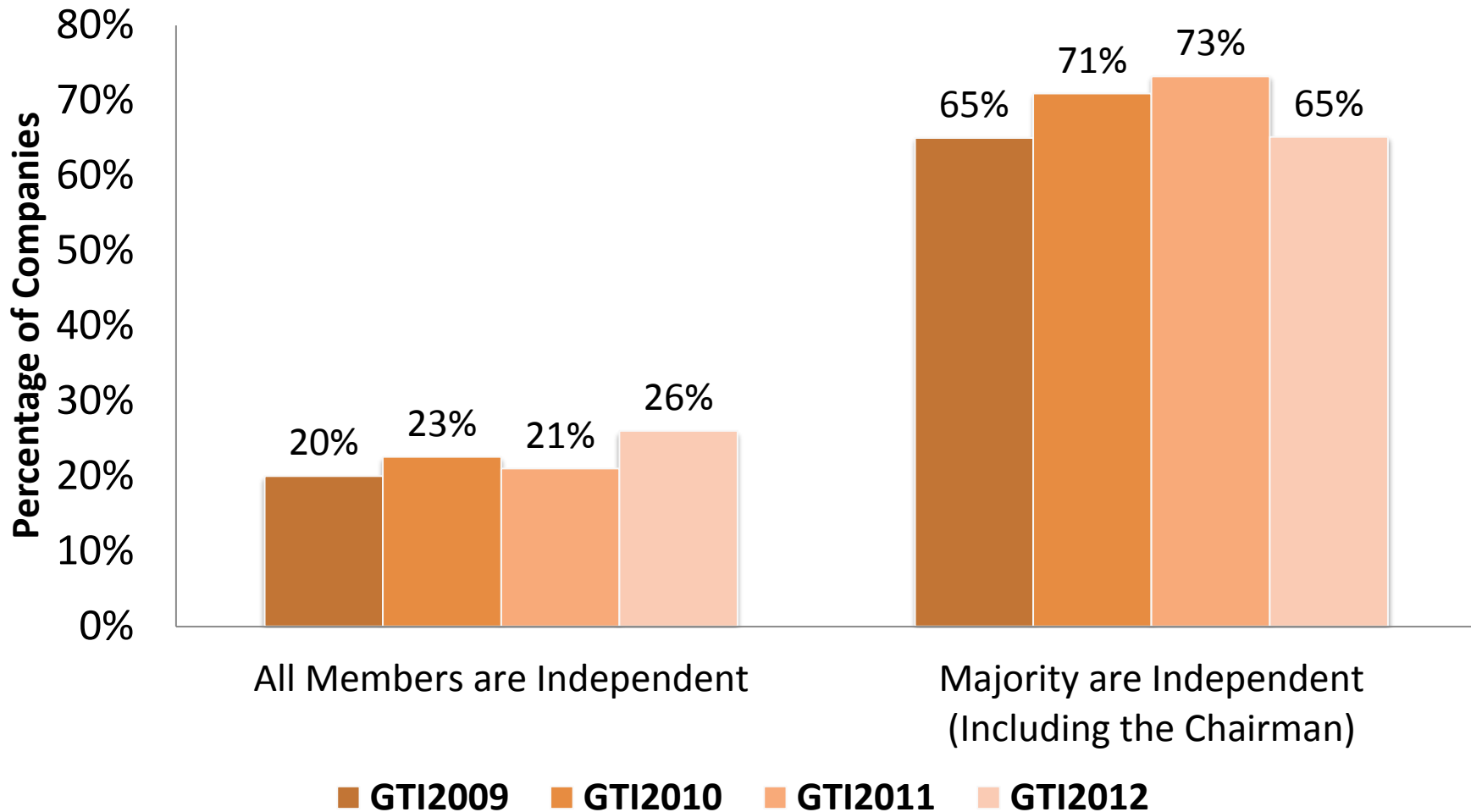
# Board Matters

## Status of Board Chairman



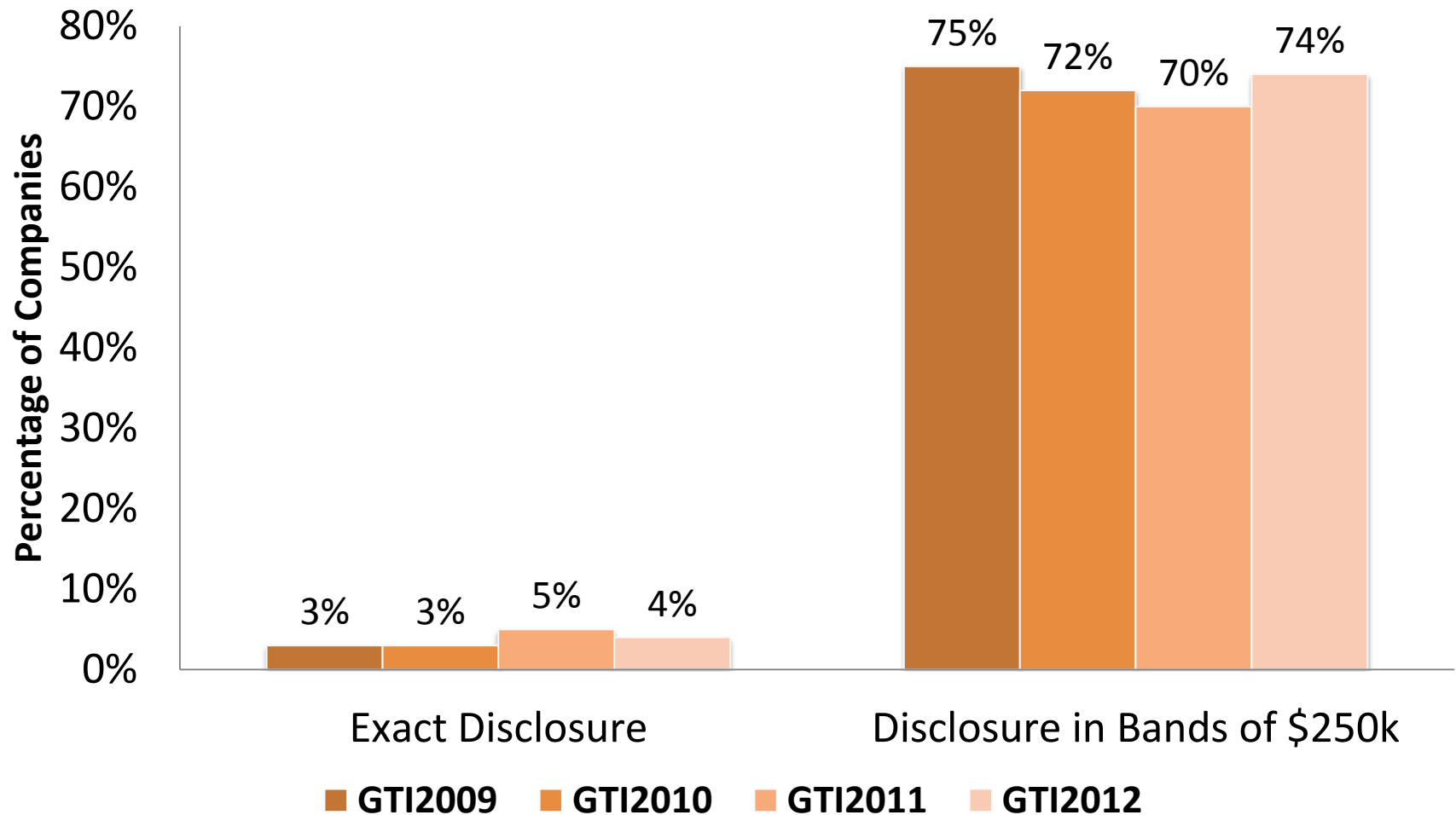
# Board Matters

## Independent Directors on Nominating Committee



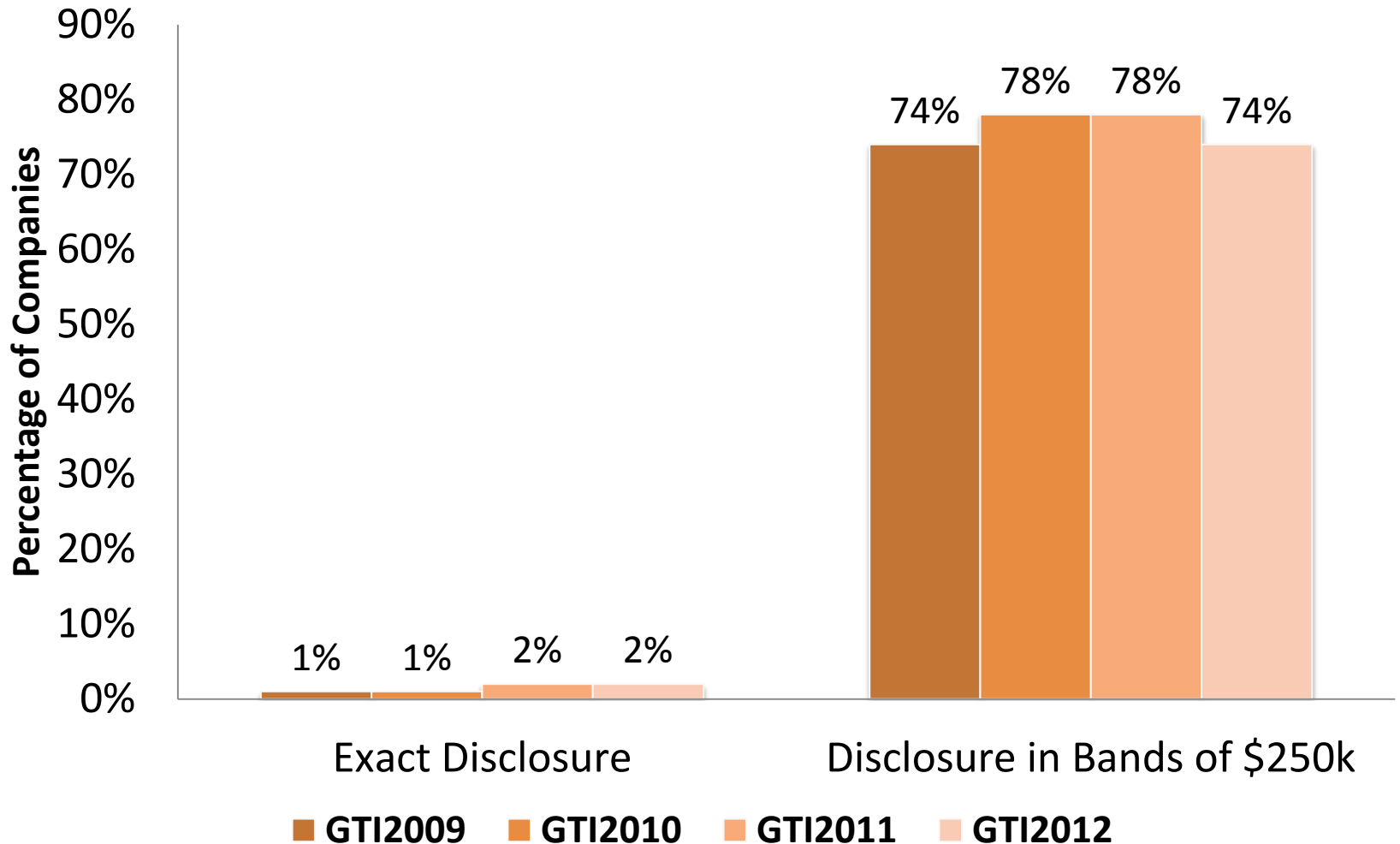
# Remuneration Matters

## Executive Directors Remuneration Disclosure



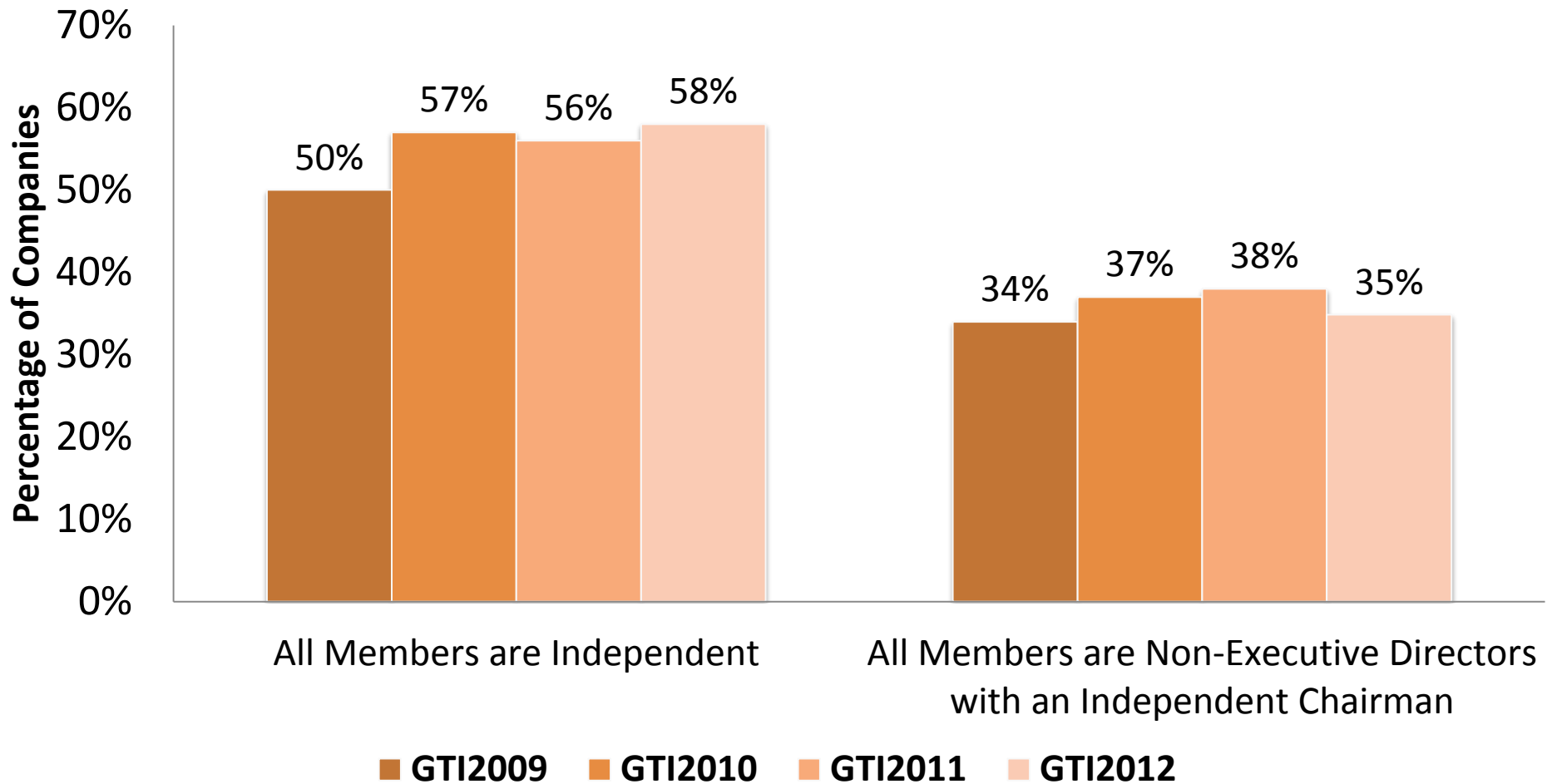
# Remuneration Matters

## Top 5 Executives Remuneration Disclosure



# Accountability & Audit Matters

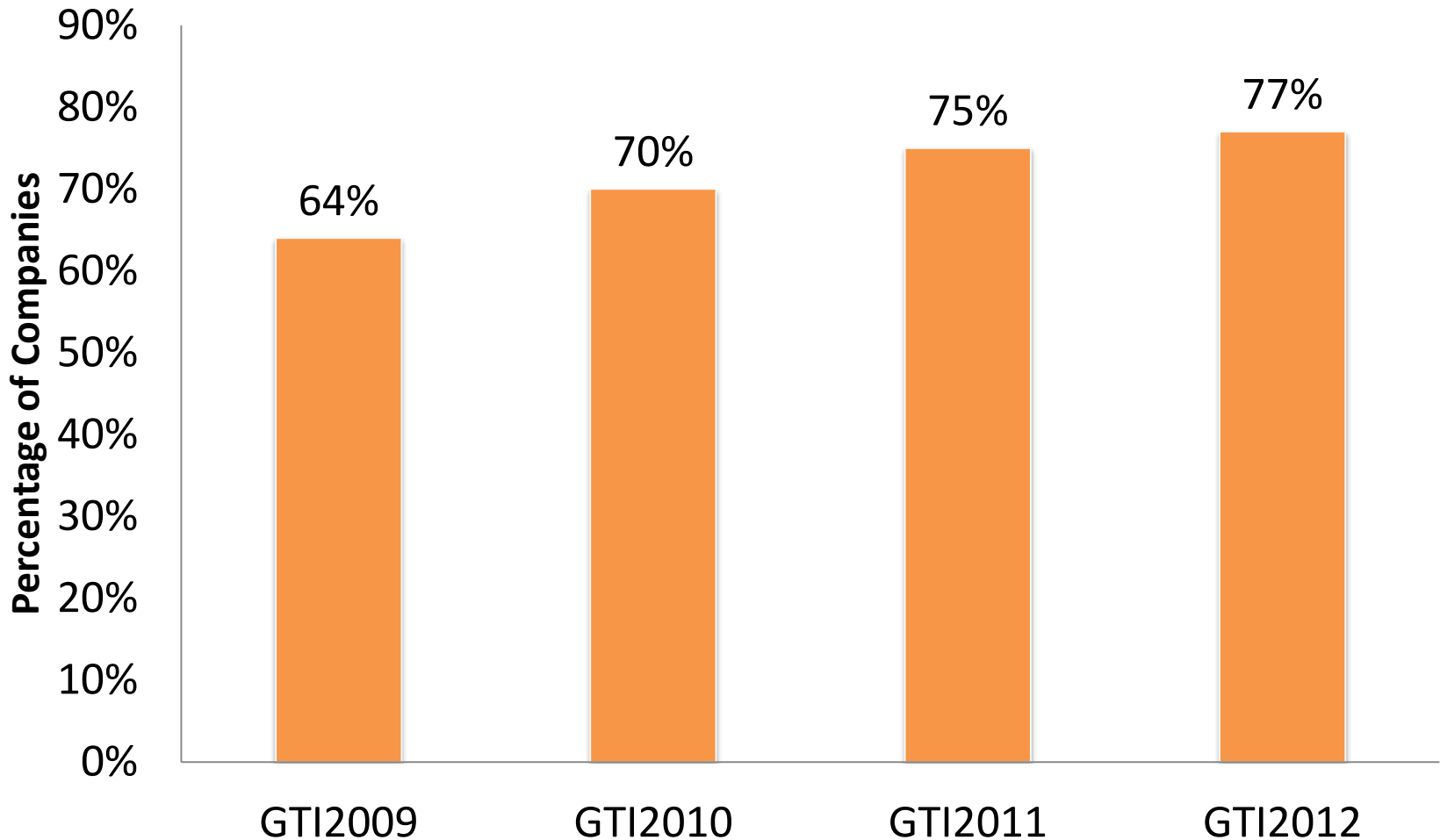
## Status of Audit Committee





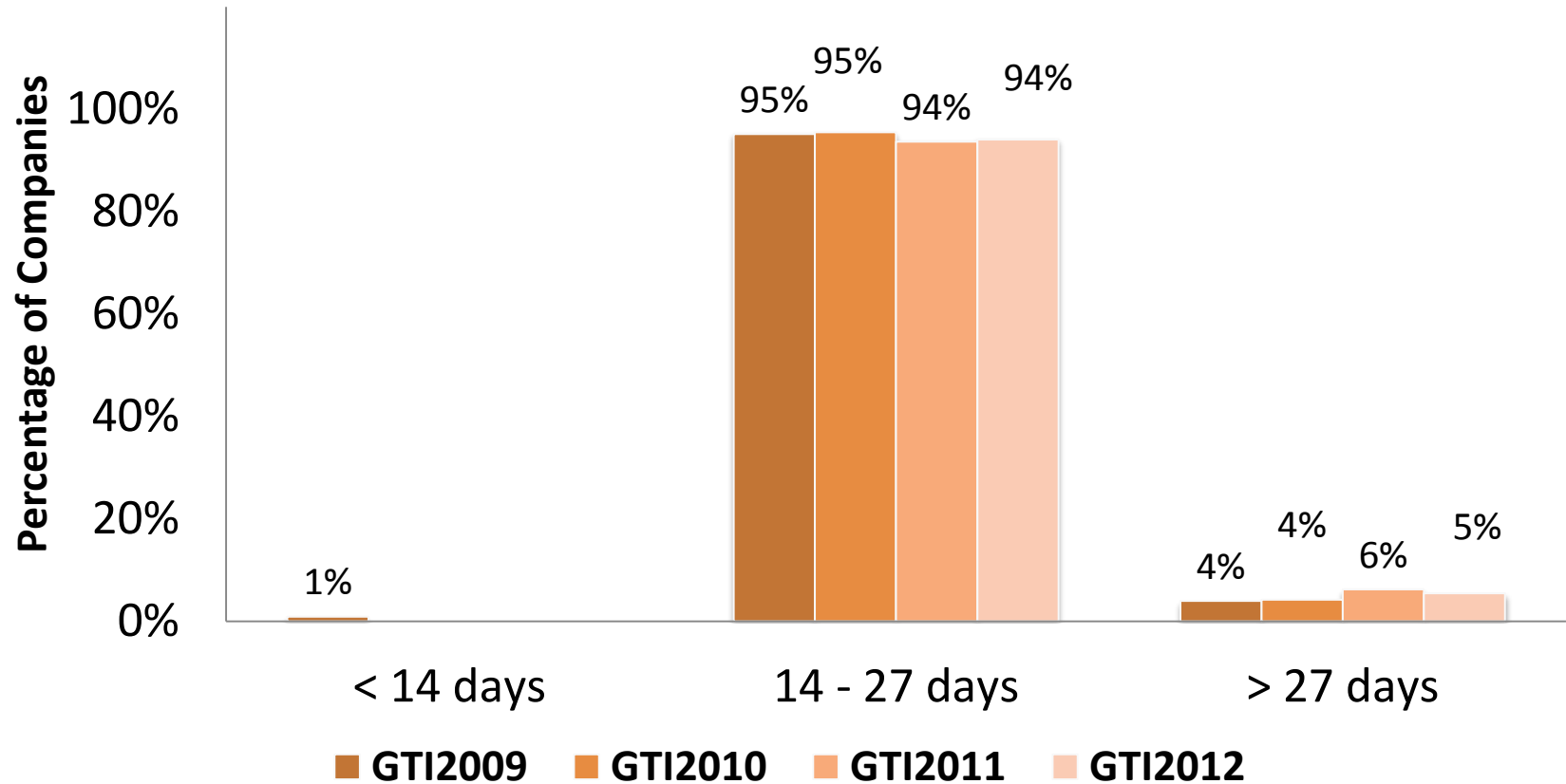
# Accountability & Audit Matters

## Availability of Whistleblowing Policy



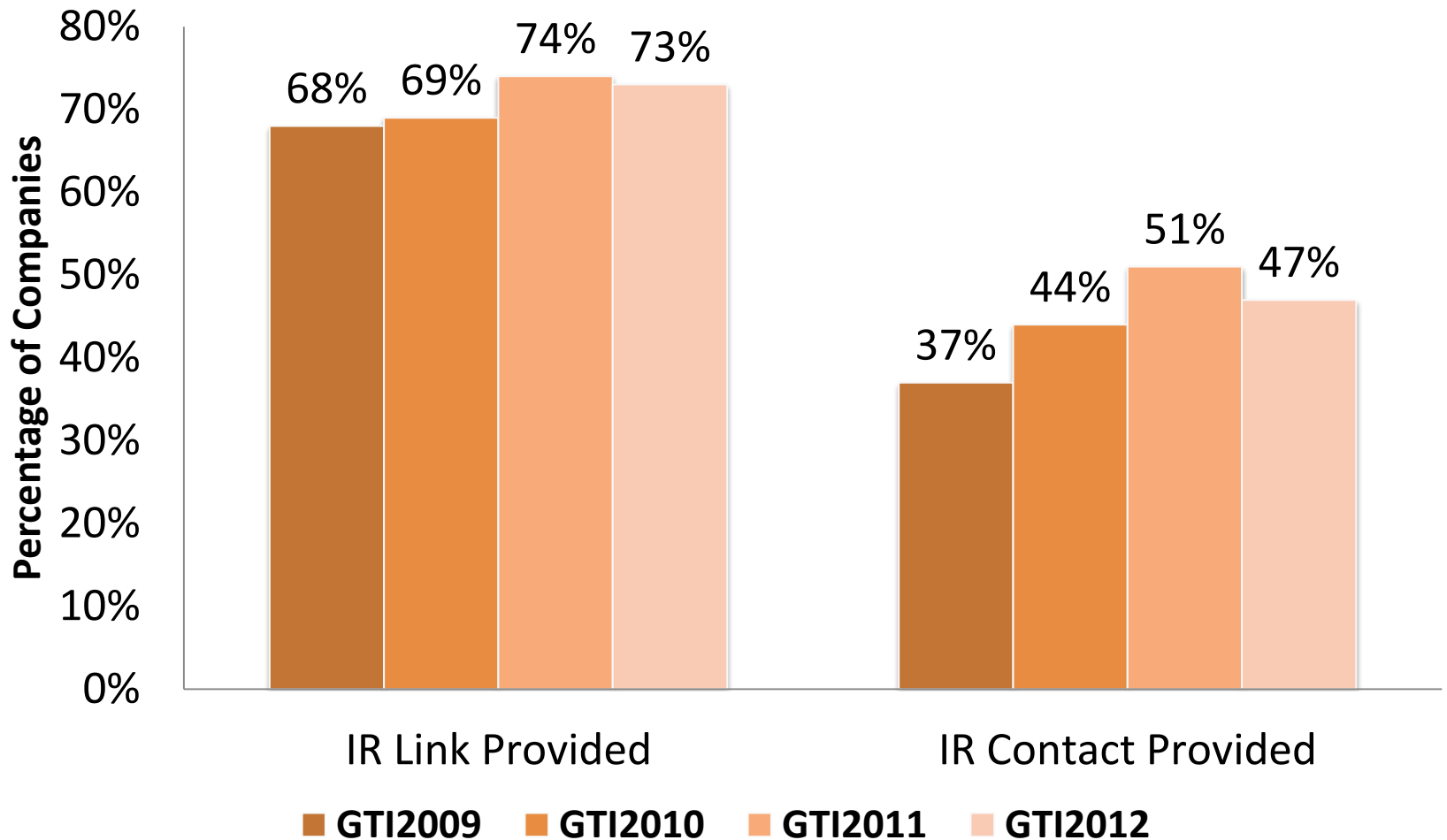
# Transparency & Investor Relations

## Time between Notice of AGM & Date of AGM



# Transparency & Investor Relations

## Investor Communications



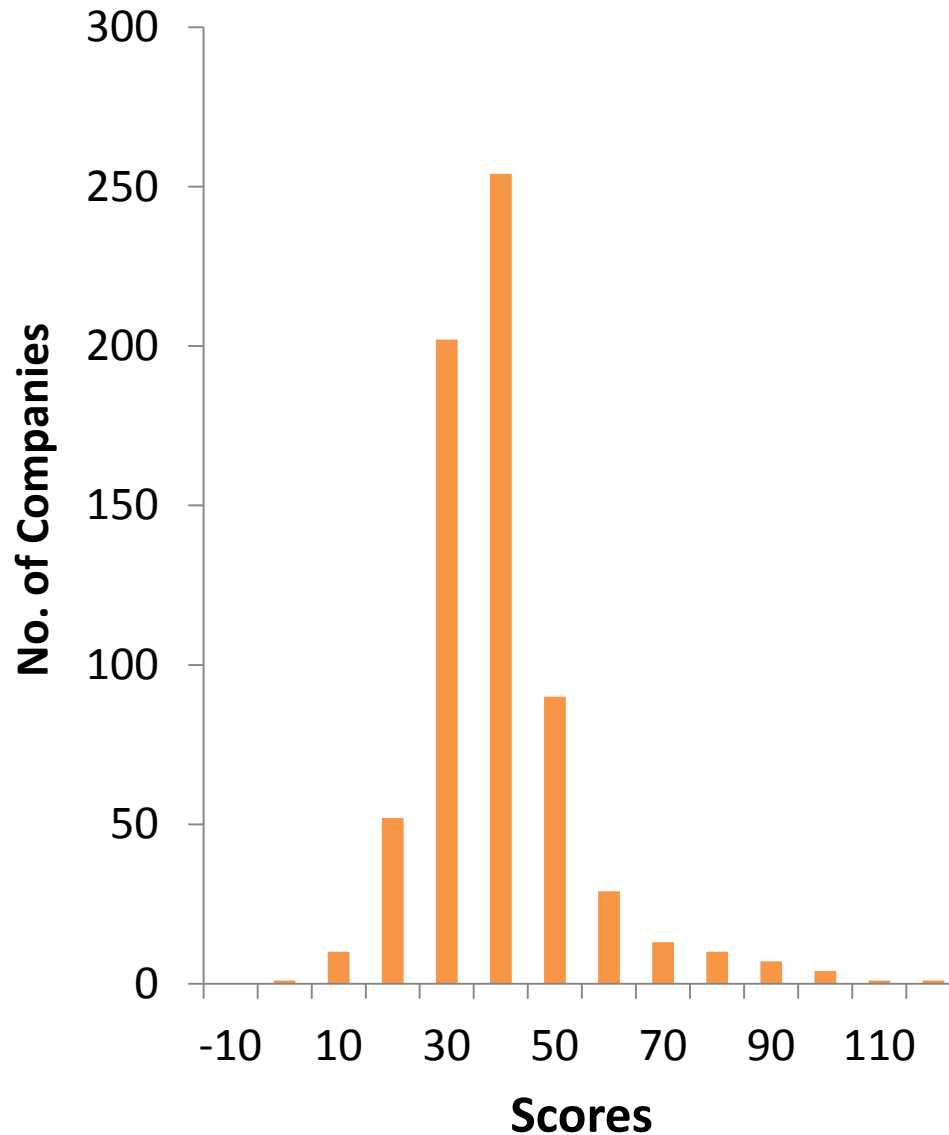
# Bonuses

- Most common areas awarded bonus points:
  - Comprehensive description of how independence of directors assessed (29%)
  - Having positive CG confirmation (11%)
  - Definition of independence to include independence from major shareholders (7%)
  - Disclosing information on director training (7%)

# Penalties

- Most common areas deducted penalty points:
  - Non-disclosure of director information (38%)
  - Tenure of IDs (22%)
  - CEO/MD/ED not subject to re-election (16%)
  - Issue of share options to IDs (16%)

# GTI Score Distribution



- Only 4% (24) of companies have GTI scores above 70 points
- Majority of companies (68%) have scores in 20 to 40 points range
- 1% of companies scored less than 10 points

# GTI 2012 Summary

- State of disclosure practices have generally improved over last 4 years
- Average overall GTI score of companies is 34.9 (compared to 31.5 in previous year)
- Some companies made significant improvement in disclosure & practices but majority still have room for improvement

# Highlight:

## Family Owned & Home Grown Companies

- Family owned & home grown companies achieving results in efforts to better corporate governance & disclosure
  - 3 family owned companies in Top 20
  - Several home grown companies with very noteworthy improvements in GTI scores & ranks