

# Listed firms and trusts improve in corporate governance

**Sue-Ann Tan**  
Business Correspondent

Listed companies and trusts strengthened their corporate governance, transparency and sustainability disclosures this year, according to a new index survey released yesterday.

The 2022 Singapore Governance and Transparency Index showed that scores improved across two categories, reaching a new high since the index was first compiled in 2009. The general category ranked 489 listed firms while the real estate investment trust (Reit) and business trust category studied 44 trusts.

The mean score in the general category rose to 70.6 points, compared with 68.7 last year. It is also the first time the score has crossed 70 points.

Companies are scored based on their corporate governance practices and disclosures, as well as the timeliness, accessibility and transparency of their financial results.

The index is the result of an annual study conducted by CPA Australia, the Centre for Governance and Sustainability at the National University of Singapore (NUS) Business School, and the Singapore Institute of Directors.

The release of the 2022 Singapore Governance and Transparency Index was marked by a hybrid event held at CPA Australia's office in Raffles Place and online.

Mr Max Loh, Singapore divisional president of CPA Australia, said: "The positive trend in this year's findings demonstrates the commendable efforts of companies in the journey for good governance and transparency.

"As businesses begin their recovery from the turbulence caused by the global pandemic, many new and emerging challenges are adding significant complexities to managing businesses.

"In this context, good leadership and governance – with a focus on accountability, transparency and sustainability – will remain the bedrock of long-term sustainable business performance."

Ground handler and caterer Sats had the best score in the general category for the third year running, while Ascott Residence Trust came out tops in the Reit and business trust category for the second consecutive time.

Singapore Exchange Regulation chairman Tan Cheng Han said the availability of useful and relevant information is critical to allow the market to work efficiently.

In his opening speech during the index launch event, he touched on the recent downturn

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# Practices becoming embedded

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in cryptocurrency markets and the consequent challenges faced by financial institutions.

“One key takeaway from the collapse of these institutions and the ripple effects that they have had on the rest of the ecosystem is the critical nature of confidence,” he said. “One way to maintain such confidence is to have a well-regulated environment, where participants can feel assured that certain quality or governance standards are adhered to.”

Similarly, sustainability-related information is also vital to addressing growing concerns about greenwashing – or the provision of misleading information that obscures true environmental impact – he added.

Firms ranked in the index did well with producing their annual sustainability report, but were more lacking in disclosing key risks, including assessment and management of these risks.

They also improved in efforts to ensure a sustainable value chain and in addressing customers’ health and safety.

In terms of board development, they also did better in having board diversity policies and having anti-corruption programmes and procedures.

Overall, it seems that sustainability practices and processes are becoming embedded in Singapore companies and there has been an increase in disclosures related to environmental, social and governance metrics, said NUS business professor Lawrence Loh, who is director of the Centre for Governance and Sustainability.

In presenting the findings, he said governance is vital and will lead sustainable practices.

“We feel that sustainability is actually the cart and governance will be the horse that will lead the cart,” he said. “Sustainability will not happen unless there’s governance – it does not just drop down from the blue sky.”

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suetan@sph.com.sg