Source: *The Business Times*, p7
Date: 3 August 2023

CORPORATE GOVERNANCE

Singtel reclaimed its top spot on the Singapore Governance and Transparency Index from ground handler and caterer Sats, with a score of 120. PHOTO: BT FILE

Singapore firms score higher in corporate governance

SGTI scores for 2023 reflect significant improvements in general category, Reit and business trust category

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COMPANIES listed on the Singapore Exchange have improved their corporate governance practices and transparency in financial disclosures, going by an annual scorecard developed by industry and accounting bodies as well as academics.

The Singapore Governance and Transparency Index (SGTI) scores for 2023, released on Wednesday (Aug 2), improved significantly in the general category as well as the real estate investment trust (Reit) and business trust category.

In the general category, the index rose to 74.8 points out of a theoretical maximum of 143 points. This marks the first time the mean score has crossed 50 per cent of the maximum score since the index was developed 15 years ago. The 74.8 score also surpassed the 70.6 score from the year before, making it the biggest jump since 2020.

Singtel reclaimed its top ranking from Sats with a score of 120. The telecommunications company had held first place between 2015 and 2019, before the ground handler and caterer claimed the spot from 2020 to 2022.

Sats fell to second place this year, tying with DBS, which held on to its ranking from last year.

Among Reits and business trusts, the index also rose, to 89.3 points from 85.3 points last year.

CapitaLand Ascott Trust maintained its top ranking. Far East Hospitality Trust climbed one spot to second place, while CapitaLand Ascendas Reit fell back one to emerge third this year.

For the 2023 rankings, researchers assessed the annual reports of 474 listed companies as well as 43 Reits and business trusts. These annual reports were released by May 31 this year.

The assessment was jointly conducted by CPA Australia, the National University of Singapore Business School's Centre for Governance and Sustainability (CGS), and the Singapore Institute of Directors. *The Business Times* was the strategic media partner for the study.

Companies in the general category were assessed based on five criteria: board responsibility, rights of shareholders, engagement of stakeholders, accountability and audit, and disclosure and transparency.

The proportion of companies disclosing stakeholder engagement practices experienced the most significant rise, with mean scores increasing by nine percentage points to reach 70 per cent.

Professor Lawrence Loh, director of CGS, said that this increase reflected the growing emphasis on sustainability by companies, as they would have to engage not just their shareholders, but also the community, customers, employees and regulators.

Companies in the general category were assessed based on five criteria: board responsibility, rights of shareholders, engagement of stakeholders, accountability and audit, and disclosure and transparency.

However, while mean scores in all five criteria went up, board responsibility and disclosure and transparency remained the lowest-scoring categories, with mean scores below 70 per cent.

When assessing board practices in detail, the study found that linking remuneration to directors' performance (49 per cent to 76 per cent), having a board diversity policy (60 per cent to 83 per cent), and appointing new directors with skills and experience (40 per cent to 62 per cent) were among those which had the largest percentage point increases from the year before.

However, while there was an improvement in boards conducting annual performance assessments of their chief executive officers (18 per cent to 32 per cent), still only one-third of companies did so, Loh highlighted. He added that it is important for companies to disclose how their CEOs are being assessed.

With DBS in second place, the other two local banks stayed in the top 10. UOB maintained its fourth placing, and OCBC dropped one position from seventh to eighth.

Tying with OCBC was food and beverage company Del Monte Pacific, rising from 12th last year to break into the top 10 in 2023.

Reits and business trusts were evaluated on similar criteria as companies in the general category, but with additional assessments on structure, leverage, interested-person transactions, competency of the Reit manager or trustee-manager as well as emoluments.

In this category, CapitaLand India Trust entered the top five rankings for the first time, claiming the fourth spot and displacing CapitaLand Integrated Commercial Trust, which ranked fifth.

When assessing board practices among Reits and business trusts, the study found that linking remuneration to directors' performance (77 per cent to 93 per cent), appointing new directors with skills and experience (61 per cent to 77 per cent), and having the board oversee implementation of corporate strategy (59 per cent to 81 per cent) were the board practices that made the most significant improvements.

Source: *The Business Times*, p8
Date: 3 August 2023

How scoring for the Index is done

THE Singapore Governance and Transparency Index (SGTI) is a joint initiative of CPA Australia, NUS Business School's Centre for Governance and Sustainability (CGS), and Singapore Institute of Directors. The strategic media partner is *The Business Times*.

The objective of the SGTI is to evaluate listed companies, including real estate investment trusts (Reits) and business trusts, on their corporate governance practices and disclosures as well as the timeliness, accessibility and transparency of their financial results.

SGTI is a unified framework comprising two separate categories: the general category, and the Reit and business trust category. These categories are distinct and are not to be compared directly with each other.

For the general category, the SGTI score has two components – the base score, and adjustment for bonuses and penalties.

The base score for companies contains five sections (BREAD): Board responsibilities (35 points); Rights of shareholders (20 points); Engagement of stakeholders (10 points); Accountability and audit (10 points); and Disclosure and transparency (25 points).

The aggregate of bonuses and penalties is incorporated into the base score to arrive at the company's SGTI total score.

For the Reit and business trust category, the companies are evaluated on a similar set of criteria, but with added coverage on the unique nature of their operations.

The base score for Reits and business trusts includes items in the base score for the SGTI (converted to 75 points) as well as trust-specific items for Reits and business trusts (25 points) covering five aspects (SLICE): Structure; Leverage; Interested person transactions; Competency of Reit manager/trustee manager; and Emoluments.

SGTI 2023 covered 474 Singapore-listed companies in the general category and 43 Reits and business trusts that had released their annual reports by May 31, 2023.

The sources of information for SGTI assessment include annual reports, sustainability reports, websites and announcements on SGXNet.

Announcements made on SGXNet as well as media coverage from Jan 1, 2021, to May 31, 2023, have been used to update the scores.

The SGTI assessment is conducted independently with an in-house research team at CGS and guidance from an external advisory panel.

Further information on the scoring methodology, including the full instrument and past results, may be obtained from CGS's website at *https://bschool.nus.edu.sg/cgs/*.

Queries about the SGTI may be sent to *cgs@nus.edu.sg*. In order to maintain the independence and fairness of the SGTI, reports or advice cannot be provided to individual companies.

Singapore Governance and Transparency Index 2023

Reit and Business Trust Category

RANK 2023	TRUST NAME	BASE SCORE*	ADJUSTMENTS FOR BONUSES/ PENALTIES	OVERALL SGTI 2023 SCORE	OVERALL SGTI 2022 SCORE	RANK 2022
1	CAPITALAND ASCOTT TRUST	85.1	27	112.1	110.6	1
2	FAR EAST HOSPITALITY TRUST	78.5	32	110.5	107.4	3
3	CAPITALAND ASCENDAS REIT	78.6	31	109.6	108.7	2
4	CAPITALAND INDIA TRUST	73.9	33	106.9	105.0	6
5	CAPITALAND INTEGRATED COMMERCIAL TRUST	82.5	24	106.5	107.2	4
5	NETLINK NBN TRUST	77.5	29	106.5	105.2	5
7	CROMWELL EUROPEAN REIT	84.5	19	103.5	100.7	8
8	KEPPEL PACIFIC OAK US REIT	77.0	23	100.0	100.0	9
9	CAPITALAND CHINA TRUST	78.3	20	98.3	93.7	11
9	FRASERS LOGISTICS & COMMERCIAL TRUST	79.3	19	98.3	101.9	7
11	KEPPEL DC REIT	74.4	22	96.4	93.0	12
12	LENDLEASE GLOBAL COMMERCIAL REIT	73.0	22	95.0	94.8	10
13	AIMS APAC REIT	69.8	24	93.8	92.8	13
14	STARHILL GLOBAL REIT	78.6	15	93.6	91.3	15
15	PARAGON REIT	74.2	18	92.2	92.0	14
16	MANULIFE US REIT	75.9	16	91.9	87.8	20
17	SASSEUR REIT	74.2	17	91.2	88.0	19
18	KEPPEL INFRASTRUCTURE TRUST	72.6	18	90.6	89.9	16
19	MAPLETREE LOGISTICS TRUST	71.3	19	90.3	86.4	21
20	IREIT GLOBAL	75.9	12	87.9	68.6	41
21	KEPPEL REIT	74.4	13	87.4	85.6	23
22	UNITED HAMPSHIRE US REIT	76.2	11	87.2	77.6	29
23	DIGITAL CORE REIT	73.3	13	86.3	-	-
24	CDL HOSPITALITY TRUSTS	74.2	12	86.2	85.3	24
25	FRASERS HOSPITALITY TRUST	73.4	12	85.4	89.0	17
26	OUE COMMERCIAL REIT	72.3	13	85.3	77.7	28
27	SUNTEC REIT	68.1	17	85.1	74.1	36
28	MAPLETREE INDUSTRIAL TRUST	71.8	13	84.8	83.6	25
29	PRIME US REIT	72.7	12	84.7	65.9	42
30	SABANA INDUSTRIAL REIT	74.2	10	84.2	74.4	35
31	FIRST REIT	71.0	12	83.0	78.8	27
32	PARKWAYLIFE REIT	71.0	11	82.0	85.7	22
33	ESR-LOGOS REIT	74.4	7	81.4	70.6	39
34	MAPLETREE PAN ASIA COMMERCIAL TRUST	71.1	10	81.1	77.0	31
35	BHG RETAIL REIT	70.8	10	80.8	74.7	32
36	FIRST SHIP LEASE TRUST	64.8	15	79.8	74.5	34
37	HUTCHISON PORT HOLDINGS TRUST	63.7	16	79.7	71.3	38
38	FRASERS CENTREPOINT TRUST	73.4	5	78.4	77.1	30
39	ARA US HOSPITALITY TRUST	62.6	15	77.6	72.8	37
40	ELITE COMMERCIAL REIT	65.6	11	76.6	53.6	44
40	LIPPO MALLS INDONESIA RETAIL TRUST	73.6	3	76.6	79.8	26
42	DAIWA HOUSE LOGISTICS TRUST	72.8	-1	71.8	-	-
43	ASIAN PAY TELEVISION TRUST	57.6	3	60.6	63.5	43

*Base is the addition of SGTI Base Score and Trust-Specific Score

Notes:

[1] Abbreviation: Reit - real estate investment trust

[2] SGTI 2023 assessed trusts based on their annual reports for Financial Year 2022 released by 31 May 2023.

[3] A total of 5 entities currently or formerly listed at SGX are excluded from the SGTI 2023 ranking. They are: 1) Reits/business trusts that are suspended from trading (2 entities); 2) Reits/business trusts which were delisted as of May 31, 2023 (1 entity); and 3) Reits/business trusts which were excluded for other reasons (2 entities).

Source: NUS Business School