

How scoring for the Singapore governance index is done

THE Singapore Governance and Transparency Index (SGTI) is a joint initiative 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* is the project's strategic media partner.

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, namely 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 the adjustment for bonuses and penalties. The base score for companies contains

five sections (which together form the acronym BREAD): Board Responsibilities (35 points); Rights of Shareholders (10 points); ESG and Stakeholders (20 points); Accountability and Audit (10 points); and Disclosure and Transparency (25 points). The aggregate of bonuses and penalties is added to 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), which cover five aspects (or, SLICE): Structure; Leverage; Interested person transactions; Competency of Reit manager/trustee-manager; and Emoluments.

SGTI 2024 covers 477 Singapore-listed companies in the Gen-

eral Category as well as 43 Reits and business trusts that released their annual reports by May 31, 2024. The sources of information for the SGTI assessment include annual reports, sustainability reports, as well as websites and announcements on SGXNet. Announcements made on SGXNet as well as media coverage, which occurred between Jan 1, 2022, and May 31, 2024, 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' website at <https://bschool.nus.edu.sg/cgs/>. Queries about the SGTI may be sent to cgs@nus.edu.sg. In order to maintain independence and fairness of the SGTI, reports or advice cannot be provided to individual companies.