

SGX-listed firms not doing enough on whistle-blowing policies: NUS

It finds that less than half of primary-listed issuers say that all whistle-blowing complaints are even reviewed

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SINGAPORE-LISTED companies are not doing nearly enough when it comes to whistle-blowing policies, according to a study by the Centre for Investor Protection (CIP) at NUS Business School. For example, less than half of primary-listed issuers said that all whistle-blowing complaints are even reviewed. And most did not specify how they would safeguard whistle-blowers' identities.

There is "significant room for improvement for most issuers, both on the mainboard and Catalist, regardless of size," said Professor Mak Yuen Teen, director of CIP, at the launch of the report on Thursday (Feb 27).

The CIP report, which was the first-ever in-depth study on whistle-blowing policies here, reviewed disclosures from 536 SGX primary-listed issuers in annual and sustainability reports for FY2023 and FY2024 as well as corporate websites. Policies were assessed against Singapore Exchange (SGX) listing requirements and industry best practices.

While all issuers complied with Singapore Exchange Regulation's (SGX RegCo) mandate to disclose whistle-blowing policies, Mak noted that details on compliance with specific requirements – such as independent investigations and whistle-blower protections – were often lacking.

The study identified key gaps, raising concerns about whistle-blower policy effectiveness in ensuring good corporate governance. Its findings come amid governance lapses at City Developments and Singapore Post, which recently dismissed three C-suite executives over alleged negligence in the handling of a whistle-blower complaint.

"Many corporate scandals could have been prevented if organisations have in place robust and rigorous whistle-blowing policies that foster trust among employees and other stakeholders," said Mak.

However, the study found that "a significant number of policies are poorly designed" and are "unlikely to build necessary confidence for effective whistle-blowing", he added.

Beyond formal compliance, Mak emphasised the need for a strong

corporate culture, effective board oversight, and introducing legislation to protect whistle-blowers.

Fellow CIP member and NUS Business School (Department of Accounting) Associate Professor Susan See Tho added that potential whistle-blowers assess not just policy effectiveness but also leadership's commitment to confidentiality and protection.

"Any ineffectiveness in the policy or the leadership, even if they are perceived, would lead individuals away from the act of whistle-blowing and this could mean missed opportunities for preventing corporate disasters," she said. To assess the adoption of good whistle-blowing practices, CIP developed a 20-item scorecard evaluating key policies, such as reviewing all complaints and providing whistle-blowing training.

With a maximum possible score of 40, CIP's findings indicated an average score of 20.6. Only 54.7 per cent of issuers scored 20 or higher, while fewer than 10 per cent exceeded 30 – highlighting significant gaps in whistle-blowing policies. The lack of designated independent investigation functions emerged as a major concern, with Mak noting that disclosure levels are generally low with true independence remaining questionable, especially if

the investigation function reports to the CFO or CEO.

Protecting the confidentiality of whistle-blowers was also found to be poor. While 85.1 per cent of issuers committed to safeguarding whistle-blowers' identities, most failed to specify how. Another 6.2 per cent made no mention of confidentiality.

Mak noted that some companies ensured anonymity through randomly generated IDs and password-protected reports, but needed to follow through on commitments and address whistle-blowers' common fear of retaliation.

Oversight was another weak spot. While 69 per cent of issuers stated that their audit committees oversee whistle-blowing, they did not explain how this was conducted. Another 19.8 per cent only made generic references to Provision 10.1 of the Code of Corporate Governance, which outlines the duty of the audit committee to review the policy and arrangements for whistle-blowing.

Complaint management was similarly weak. Only 42 per cent of issuers confirmed that all complaints are reviewed – mostly by audit committees. Just 28 per cent committed to investigating all complaints, while 31 per cent only investigated some. Moreover, 80 per cent did not disclose whether they acknowledge complaints, potentially discouraging whistleblowers.

Among the Straits Times Index issuers, 20 – including Singapore's three local banks DBS, OCBC and UOB, as well as SGX itself – did not clearly disclose the number of whistle-blowing reports received. Singtel stood out as the most transparent, providing detailed disclosures on complaint numbers, nature, major markets, reporting channels, and substantiation.