

Listed S'pore firms improve in corporate governance rankings

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The bigger publicly listed companies in Singapore performed better than they did in 2019 in terms of corporate governance standards and practices, even amid the challenges of the Covid-19 pandemic.

This is according to the 2021 edition of the Asean Corporate Governance Scorecard by the Centre for Governance and Sustainability at the NUS Business School and the Singapore Institute of Directors,

which was released on Wednesday. Both entities have been operating as the domestic ranking body for the governance scorecard since 2013.

The scorecard also included more Singapore companies in the Asean Asset Class, a catalogue of publicly listed entities across the region that are recognised for good corporate governance practices.

Singapore, Indonesia, Malaysia, the Philippines, Thailand and Vietnam participated in this round of assessment, which began in 2021.

The Singapore companies also scored higher on average than in

the 2019 edition of the scorecard.

Every two years, the Centre for Governance and Sustainability and the Singapore Institute of Directors will score the top 100 publicly listed Singapore companies by market capitalisation according to five criteria, including shareholder rights, disclosure and transparency, and responsibilities of the board.

The top 100 companies assessed had a combined market capitalisation of \$586 billion as at March 2021.

Among these 100 companies, those that scored at least 97.5

S'pore's top scorers in the Asean Asset Class

1	NetLink NBN Trust
2	UOB
3	ComfortDelGro
4	Singapore Press Holdings (delisted in 2022)
5	CapitaLand
6	Keppel Corp
7	Singtel
8	Far East Hospitality Trust
9	Singapore Post
10	Sembcorp Industries

Sources:
CENTRE FOR GOVERNANCE
AND SUSTAINABILITY AT THE NUS
BUSINESS SCHOOL, SINGAPORE
INSTITUTE OF DIRECTORS
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points (75 per cent of the total 130 points achievable) make it to the Asean Asset Class.

There were 62 such Singapore firms included in the latest edition, and they comprised 26.5 per cent of the companies in the Asean Asset Class, up from 18.8 per cent, or 26 companies, in the 2019 study.

Mr John Lim, lead member of the domestic ranking body and past chairman of the Singapore Institute of Directors, said the Asean Asset Class listing was introduced in the 2019 edition to serve as a guide for institutional investors which are looking for Asean companies to invest in.

The average score of all 100 Singapore firms also rose by 14.5 per cent to 101.1 points in 2021, from 88.3 points in 2019.

Professor Lawrence Loh, director of the Centre for Governance and Sustainability, said that while Singapore companies scored well,

they could do more to protect shareholders.

Singapore firms did not improve in areas related to shareholder rights and equitable treatment of shareholders, Prof Loh added.

The top three scorers in Singapore were fibre network infrastructure provider NetLink NBN Trust, UOB and transport operator ComfortDelGro.

NetLink NBN Trust took part for the first time in 2021, and it achieved top position among the Singapore companies.

In fact, 2021 was the first year that real estate investment trusts (Reits) and business trusts – 29 of them – participated in the study.

Mr Tong Yew Heng, chief executive of NetLink NBN Trust, said good governance is actually good for business because it strengthens corporate culture, builds trust and,

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very importantly, reduces risk for the business.

UOB kept its second position and ComfortDelGro jumped from the eighth spot to the third.

Mr Chan Kok Seong, group chief risk officer of UOB, said trust is at the core of the bank's business, and UOB cannot build or maintain trust without strong corporate governance.

The other top 10 scorers include CapitalLand, Keppel Corp, Singapore Post and Sembcorp Industries, which either rose a few ranks or maintained their positions.

Telco Singtel managed to stay in the top 10 but fell from fourth to seventh place, while hospitality Reit Far East Hospitality was the second Reit and business trust to make it to the top 10, after NetLink NBN Trust.

Prof Loh said that the Reits and business trusts have put in a strong showing in their first year of inclusion in the study.

He also said it was heartening that, in this round of the ranking, companies lower down in the list (those that did not make it into the Asean Asset Class) actually performed relatively better than their top-ranked peers.

There is a levelling-up effect on these companies, and it is a good sign, Prof Loh said, adding that once a company gets to the upper tier, it gets harder for it to improve, having reached a point where "a little nudge will take a lot of effort".

Mr Lim said corporate governance is a continual journey and "companies must be prepared to deal with new requirements relating to sustainability disclosures, board diversity and board renewal".

"Quite a number of new things have emerged, presenting challenges to boards and companies, and for a company to remain relevant and in the forefront of good governance, they must take all this into consideration," said Mr Lim.

He added that the evaluation criteria will be reviewed in the next assessment in 2023, and that how well firms perform in terms of corporate governance practices will be based on these new but relevant measures of assessment.

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