SGX-listed firms ‘still not disclosing enough’

SINGAPORE — Listed companies in Singapore are still not disclosing enough information about executive compensation, with a mere 5 per cent revealing exact salary amounts, choosing instead to disclose executive compensation in bands of S$250,000.

This and other findings were revealed in a study as part of the latest Governance and Transparency Index (GTI).

The index, which is published jointly by the NUS Business School and The Business Times, revealed that the performance of companies dipped to 31 points from 33 previously, suggesting that little headway has been made in the past year.

For instance, the GTI points out that only a few of the 657 SGX-listed companies under study give independent directors a bigger hand in board decisions, while a large number have yet to form fully independent audit committees to ensure the protection of shareholder interests.

Indeed, only about a quarter, or 24 per cent (up from 23 per cent previously) have independent directors occupying the majority seats on the board.

The assessment of the companies was based on board independence, salary disclosure, audit practices and transparency of financial results. The highest possible score is 100 points.

Mr Lawrence Loh, Associate Professor at the NUS Business School, said: “There’s really not much changed over the last few years in terms of the standards and in terms of the disclosure practices of listed companies in Singapore. I found a vast majority of companies basically fulfil only the bare minimum for the Code of Corporate Governance.”

Industry observers say regulators should pursue proposed revisions to the Corporate Governance Code of 2005.

Mr David Gerald, CEO at the Securities Investors Association (Singapore), wonders if boards of directors are paying sufficient attention to internal controls. “I think they need to spruce up and therefore I’m suggesting that there should be more serious engagement of internal auditors. And we need to train internal auditors, give them the kind of respect that CFOs have.”

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