SingTel Voted Most Transparent Company

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CORPORATE GOVERNANCE MANAGEMENT LEADERSHIP WHISTLE BLOWING

Singapore - SingTel has topped the Governance and Transparency Index (GTI) for the third year running, followed by Singapore Exchange (SGX), Keppel Corporation and Keppel Land (Kepland) coming in at a joint third.

The GTI is conducted together with the National University of Singapore (NUS) Business School’s Centre of Governance, Institutions and Organisations (CGIO) and the Business Times (BT).

The index found that most companies did the bare minimum to meet government guidelines. Only a fraction of 657 companies made significant improvements from last year.

SingTel scored 109 points, while SGX claimed 101. Both Keppel companies were awarded 91, with SATS rounded up the top five with 88. Average total score of companies is at 31, a two-point drop from last year. Only 8% received a score of more than 50.

Companies participating in the code were awarded a maximum of 35 points for board matters, 20 for remuneration, 20 for accountability and audit, and 20 for transparency and investor relations. The total maximum available, after taking into consideration adjustments for bonuses or penalties, is slightly above 100.

Professor Lawrence Loh of the department of strategy and policy at the NUS Business School told The Straits Times one factor which impacted this year’s results was companies’ reluctance to fully reveal their board members’ salaries. “Most companies still continue to disclose their remuneration of their directors and key executives in bands of $5250,000 rather than in the precise amounts,” he said.

Currently, 15% of the firms did not even “specify an upper limit to the top salary for their executive directors”. Some companies have said disclosing salaries will make it easier for competitors to poach talent.

However Chor Kee Yang, SingTel’s group chief internal auditor, said the lack of proper disclosure would make it harder for shareholders to draw a clear link between compensation and performance.

Both SATS and Kepland were found to have made great improvements in their disclosure practices. Kepland has “enhanced” its disclosure process in terms of framework of remuneration of non-executives, limits of tenure of independent directors and its statement of compliance with the code.

SATS included a separate board-level risk committee and has implemented term limits for its non-executive directors, as well as cut the percentage of shares that can be issued on a non-pro rata basis by half to 5%.

Lee Suet Fern, senior director of Stamford Law Corporation, said corporate governance starts with the leaders of the organisation as they need to know their own industries well and be familiar with the risks they face. However, in order for this to take place, companies must provide their directors with industry and business training.

Overall, the report found 78% of companies in Singapore now have an audit committee chairman with either an accounting or finance background. Additionally, 75% have a whistle blowing policy, out of which only 5% allow anonymous reporting.