

# Navigating Sustainable Governance

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***Findings of the Singapore Governance and Transparency Index 2024***

Presented at the Singapore Governance and Transparency Forum

# Agenda

- 1. Background**
- 2. General Category**
  - a. General Performance**
  - b. Size Effect: Overall**
  - c. Size Effect: Sustainability**
- 3. REIT & Business Trust Performance**
- 4. Summary**

# SGTI Partnership

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## A Collaboration Between



Centre for Governance and Sustainability  
NUS Business School



## Strategic Media Partner

# THE BUSINESS TIMES

# SGTI Advisory Panel

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**Ms Chen Huifen**

**Editor, The Business Times**

**Ms Rachel Eng**

**Managing Director, Eng and Co. LLC**

**Mr Loh Hoon Sun**

**Senior Advisor, Phillip Securities Pte Ltd**

**Mr Max Loh Khum Whai**

**Former Managing Partner (Singapore & Brunei), EY**

**Mr Low Weng Keong**

**Past Global President & Chairman of the Board, CPA  
Australia**

# Context of Singapore's Corporate Governance Landscape

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## Global:

- Sustainability being incorporated into corporate governance (sustainable corporate governance)

## Local

- Maturing of market in corporate governance practices and processes
- Efforts to professionalise directorship (SID Director Accreditation Programme)

# A New Dynamic SGTI

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- Revised SGTI is a dynamic index, with greater flexibility to align with changing regulatory requirements
- Takes reference from the SID Director Competency Model

# SGTI Framework – General Category

## B.R.E.A.D Base Score (100 points)

Board Responsibilities (35 points)

Rights of Shareholders (10 points)

ESG & Stakeholders (20 points)

Accountability & Audit (10 points)

Disclosure & Transparency (25 points)

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Adjustments for Bonus & Penalty (43 points)

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Overall SGTI Score (143 points)

# SGTI Coverage

## General Category (477)

Excluding 178 Companies:

- 6 newly listed
- 28 secondary listings
- 55 funds
- 49 suspended from trading
- 25 delisted
- 15 others

## REITs & Business Trusts (43)

Excluding 3 REITs & Business Trusts:

- 2 suspended from trading
- 1 annual report not released for 2 years

Note:

SGTI 2024 assessed companies based on their annual reports for Financial Year 2023 released by 31 May 2024.

Other sources of information for assessment include sustainability reports, websites and announcements on the SGX website.



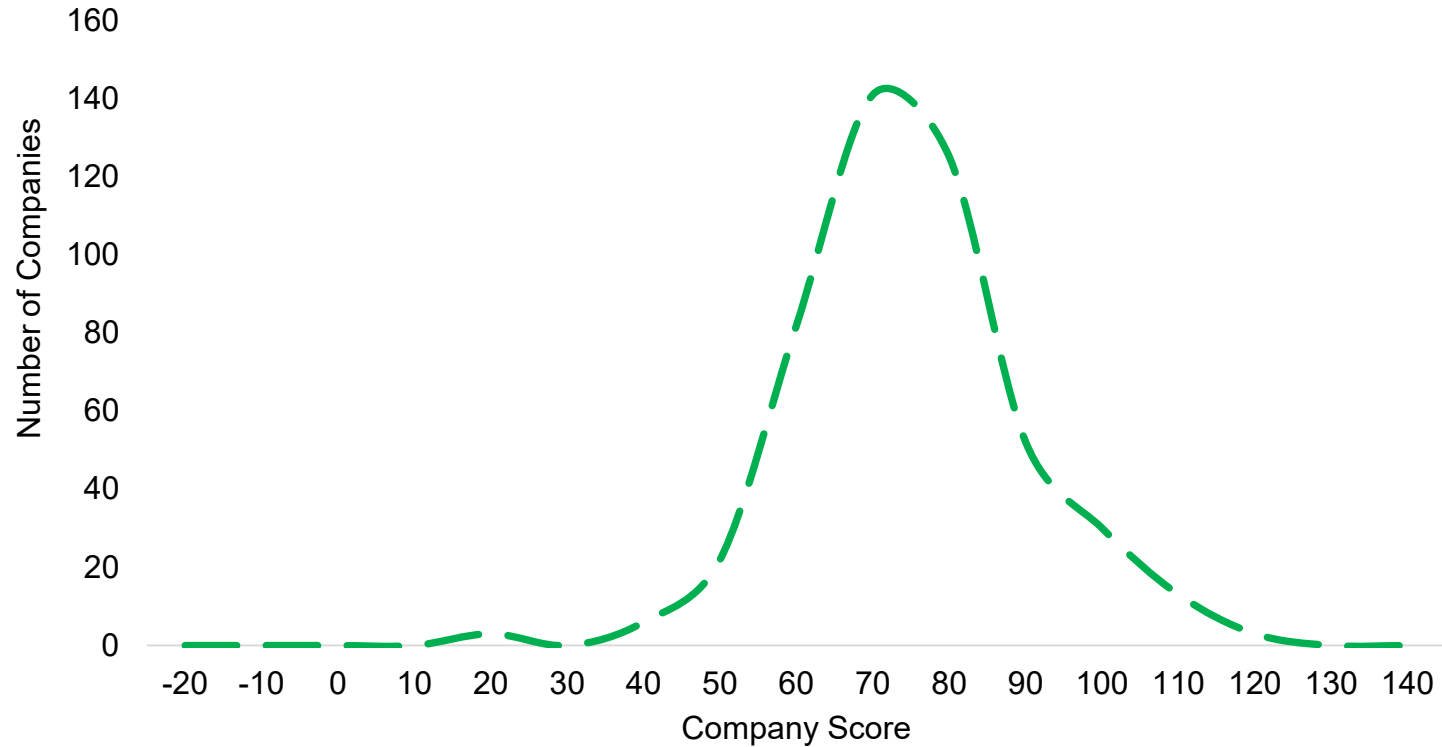
# Breakdown of Score

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<b>SGTI 2024</b>			
<b>Base SGTI 2024 Score</b>	<b>Bonus</b>	<b>Penalty</b>	<b>Overall SGTI 2024 Score</b>
61.2	12.6	4.5	<b>69.3</b>

# Score Distribution

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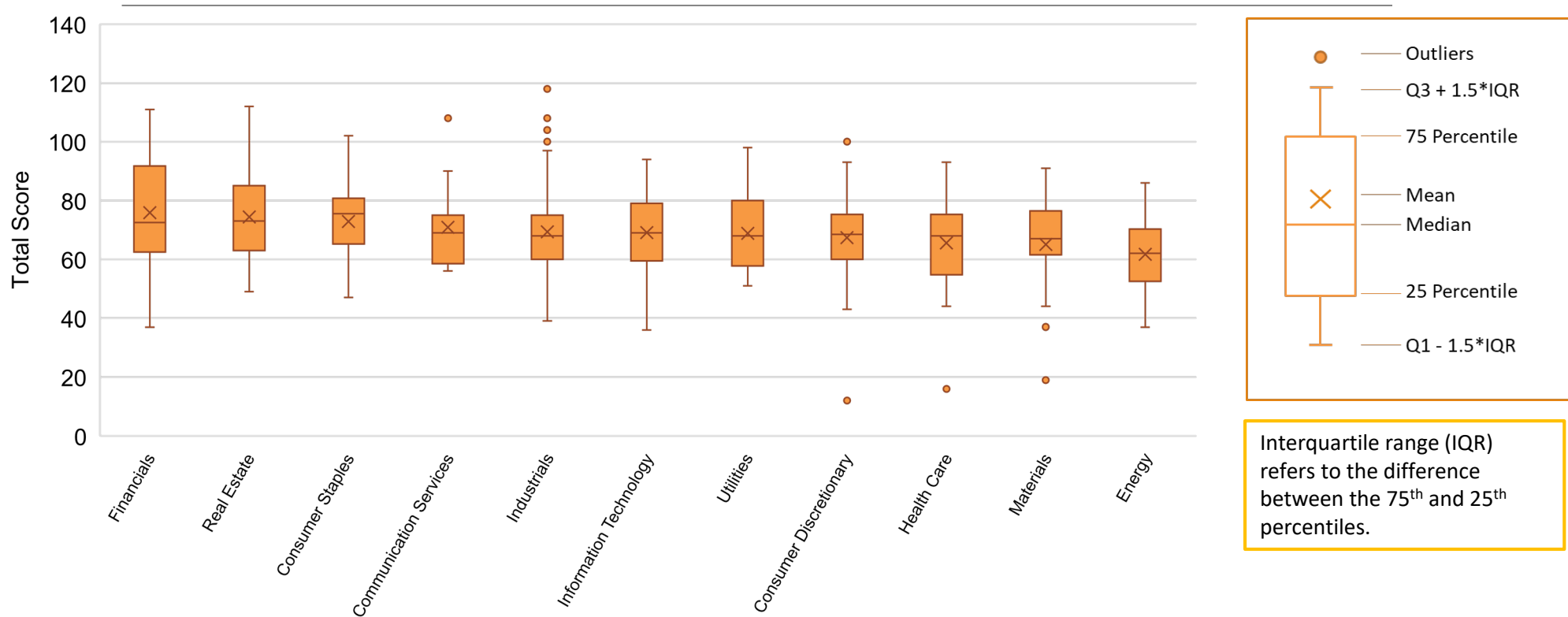


# Sectional Scores

**B.R.E.A.D Score by Percentage**



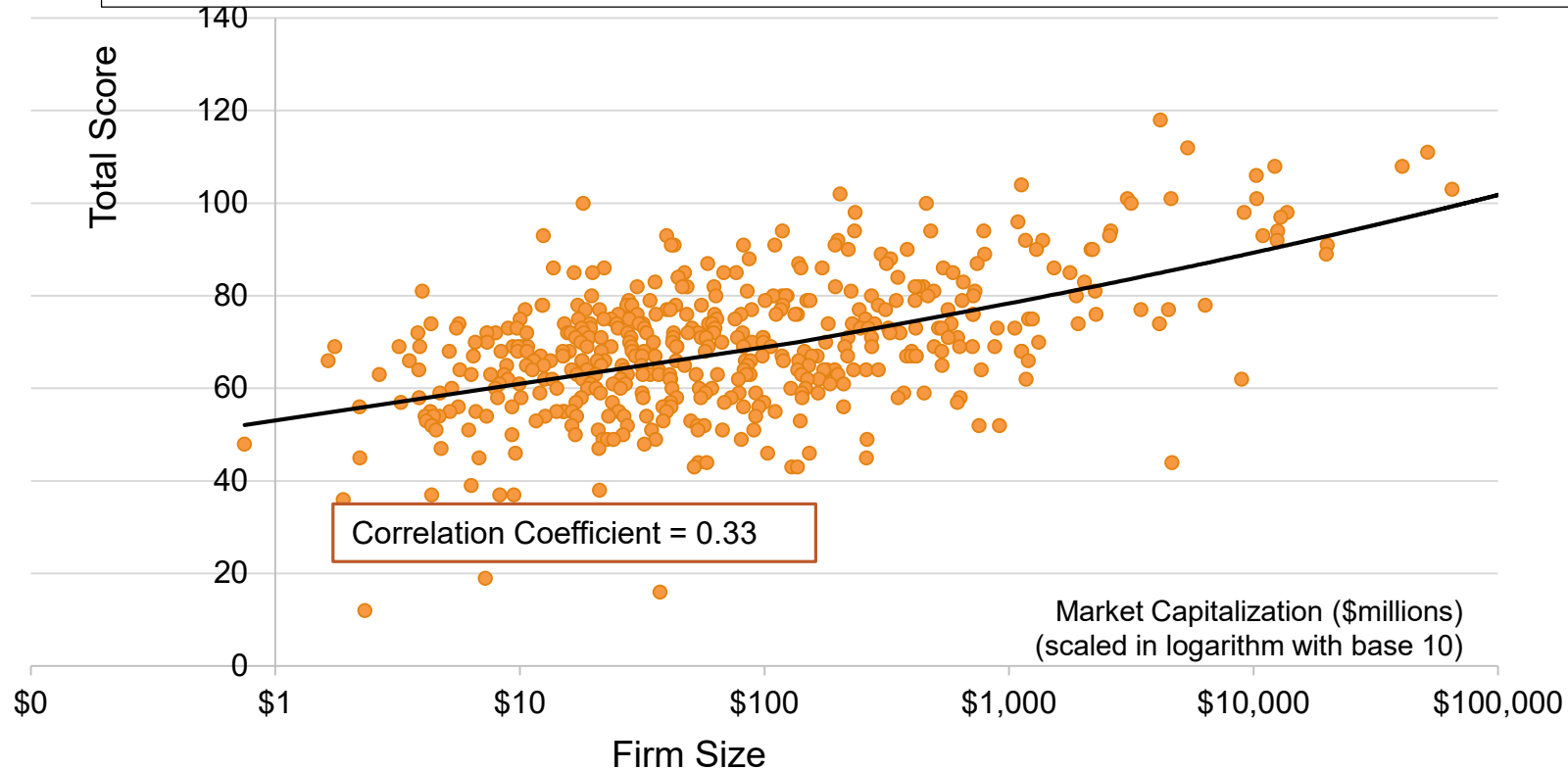
# Industry Effect



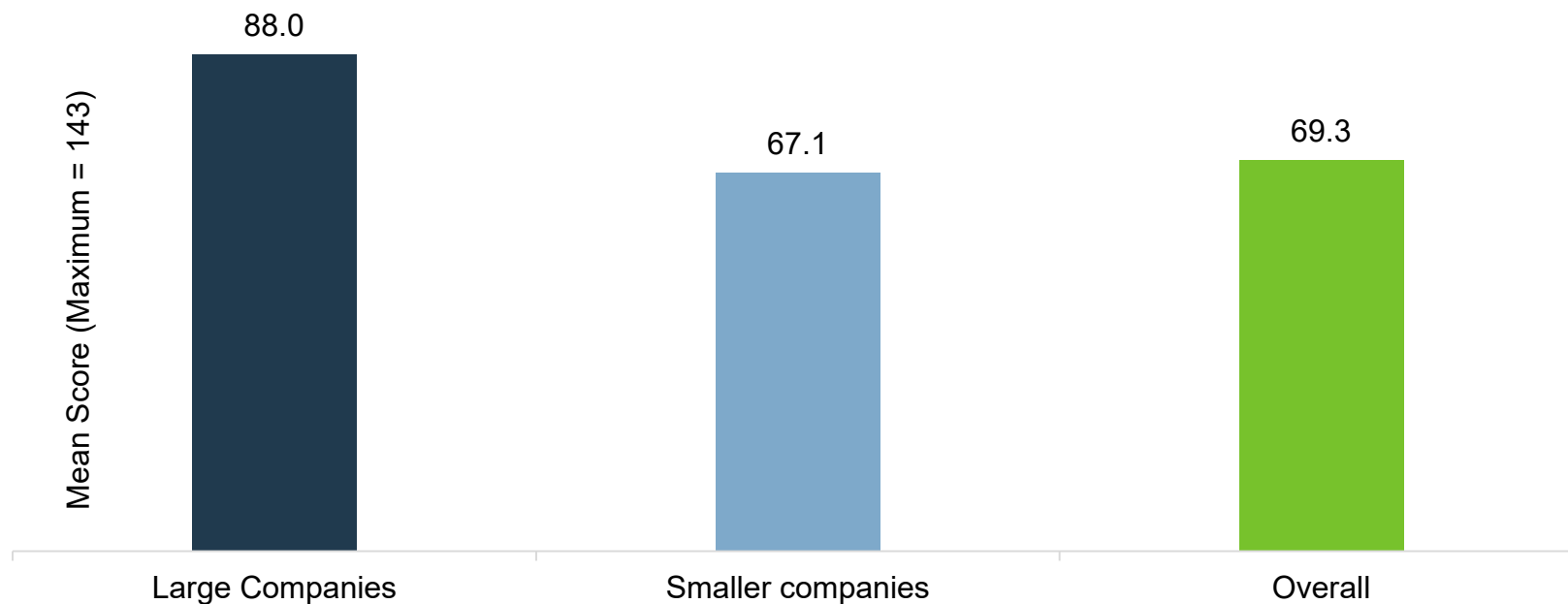
On average, Financials companies had higher mean scores and higher variations in scores compared with those in other industries

# Size Effect

Significant relationship between firm size and performance

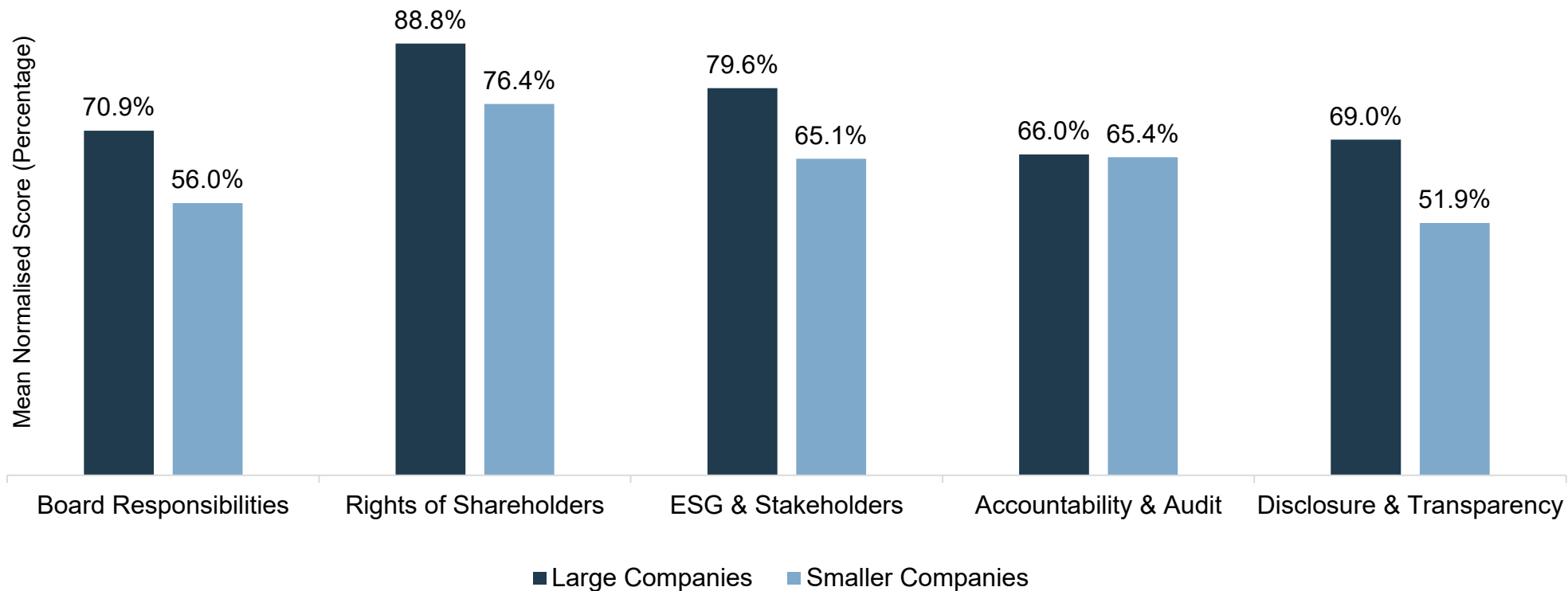


# SGTI Score by Company Size

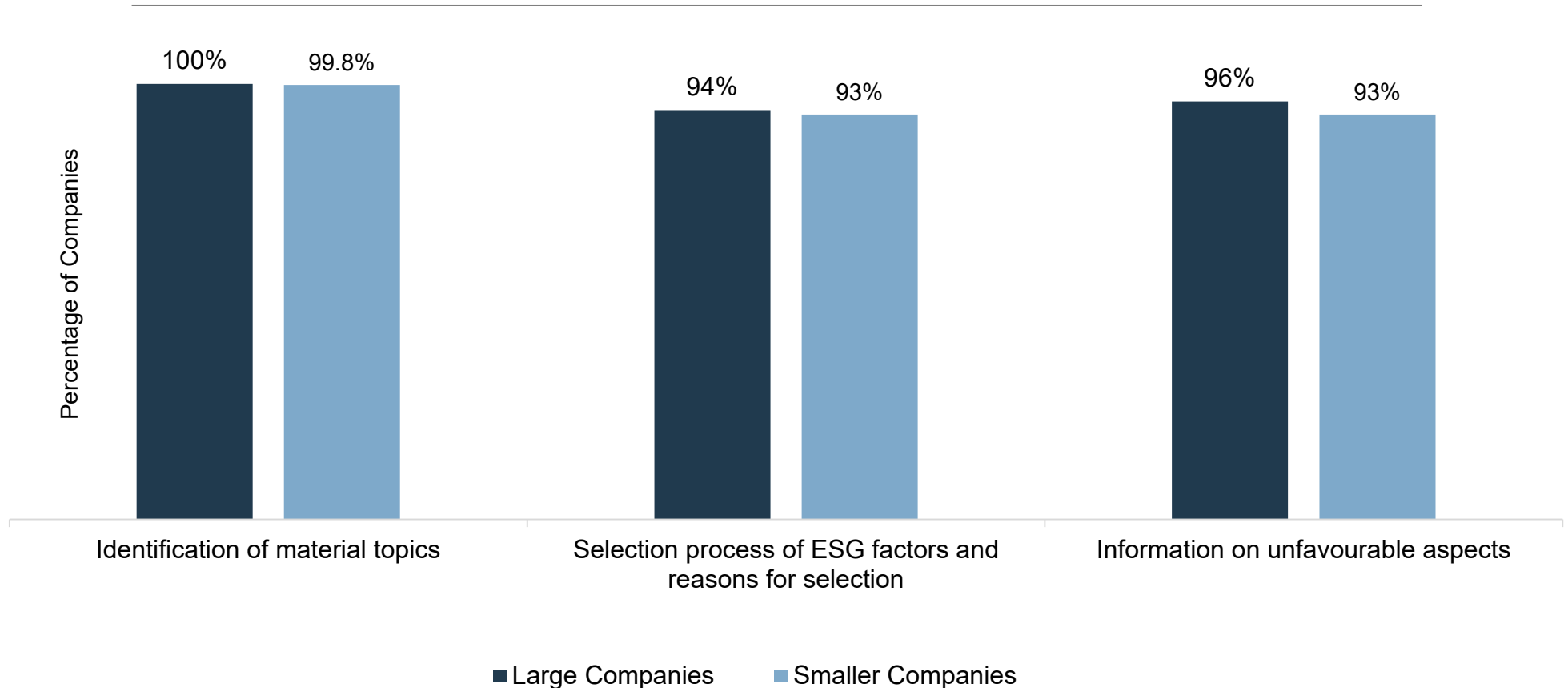


Note: Large companies defined as having market capitalisation of over \$1 billion.  
Smaller companies defined as having market capitalisation of up to \$1 billion

# B.R.E.A.D Scores by Company Size

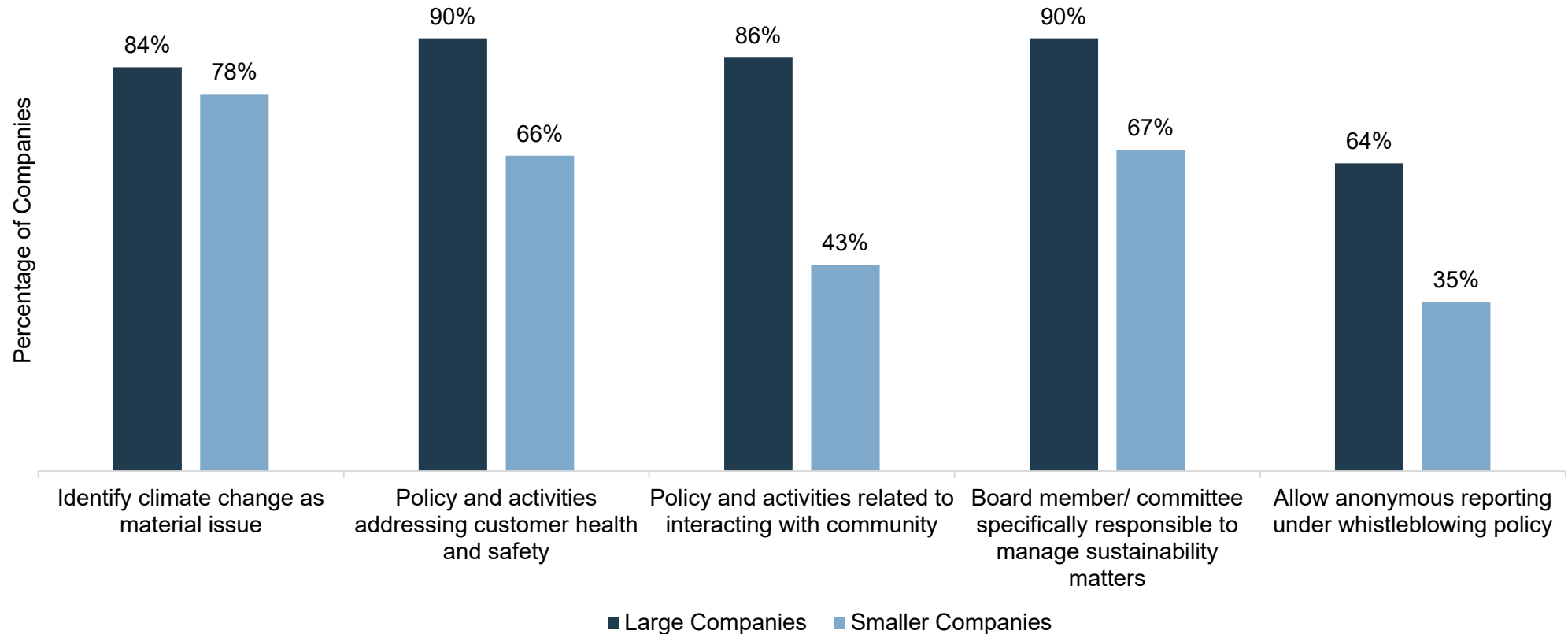


# Sustainability Reporting Processes by Company Size

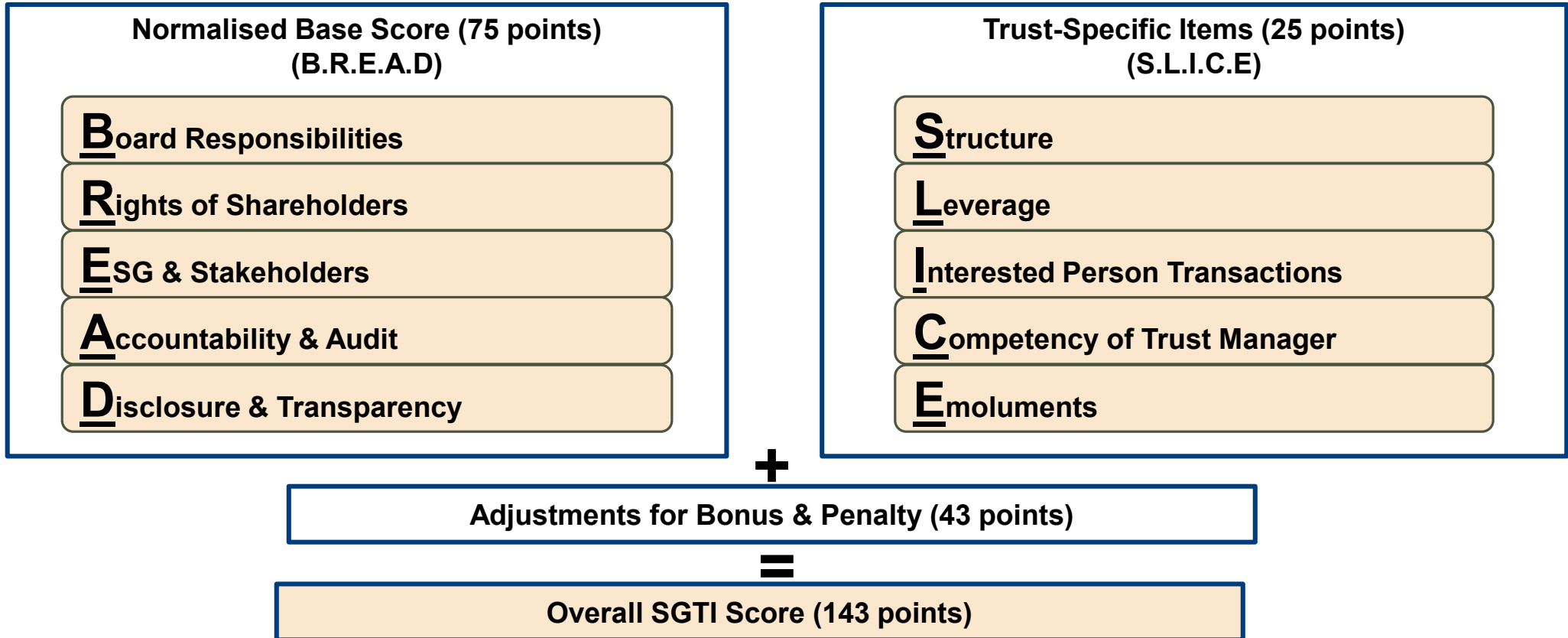




# ESG Issues by Company Size



# SGTI Framework – REITs & Business Trusts

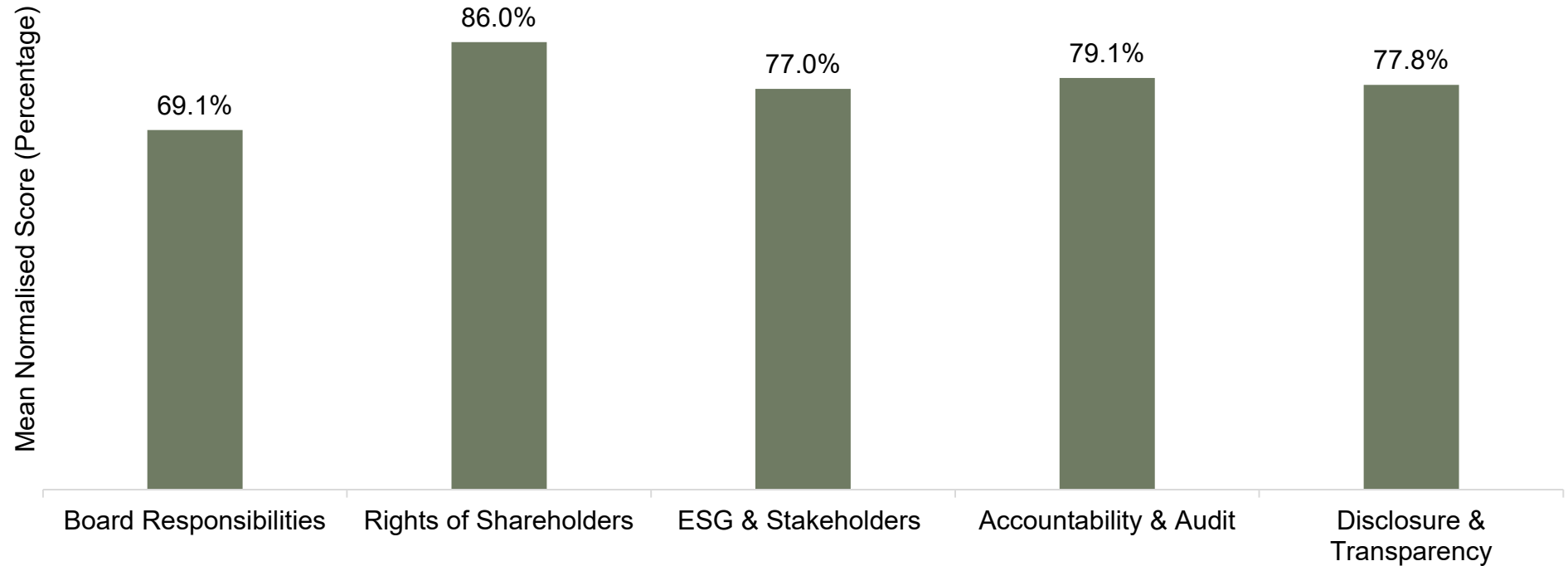


# Breakdown of Score– REITs & Business Trusts

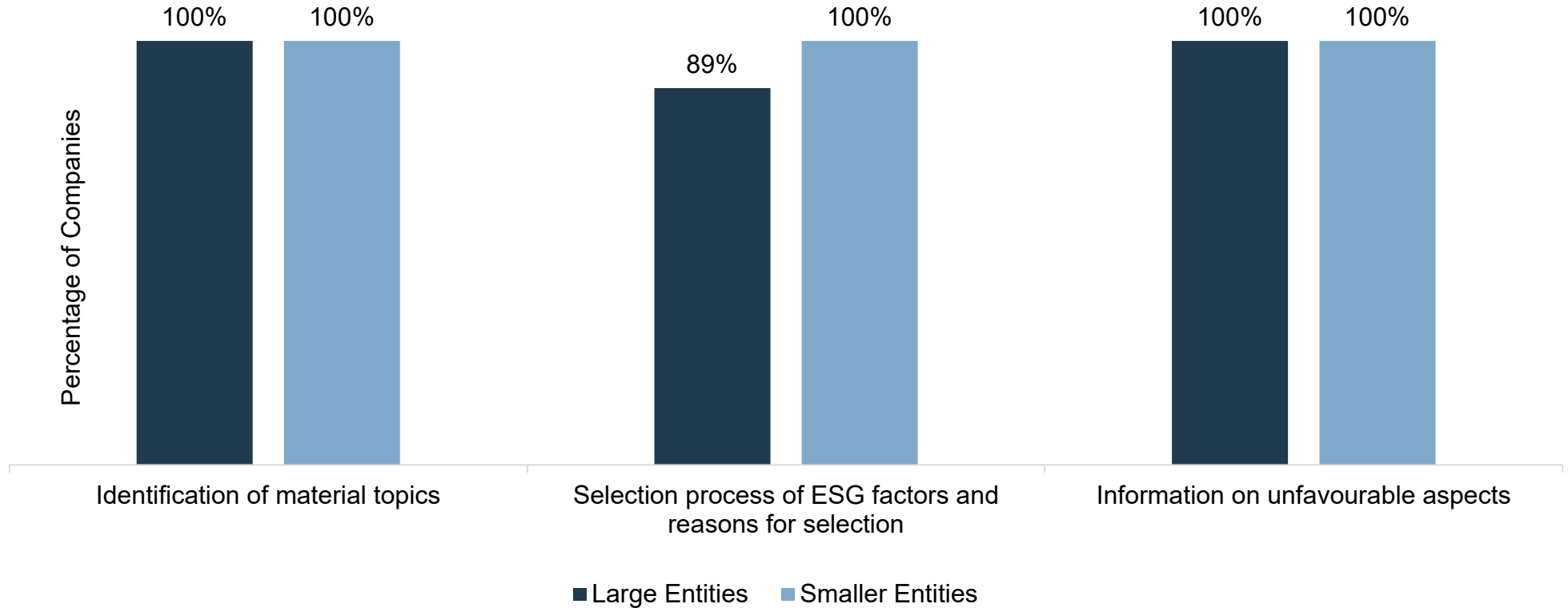
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<b>SGTI 2024</b>			
<b>Base SGTI 2024 Score</b>	<b>Bonus</b>	<b>Penalty</b>	<b>Overall SGTI 2024 Score</b>
71.8	16.6	1.8	<b>86.6</b>

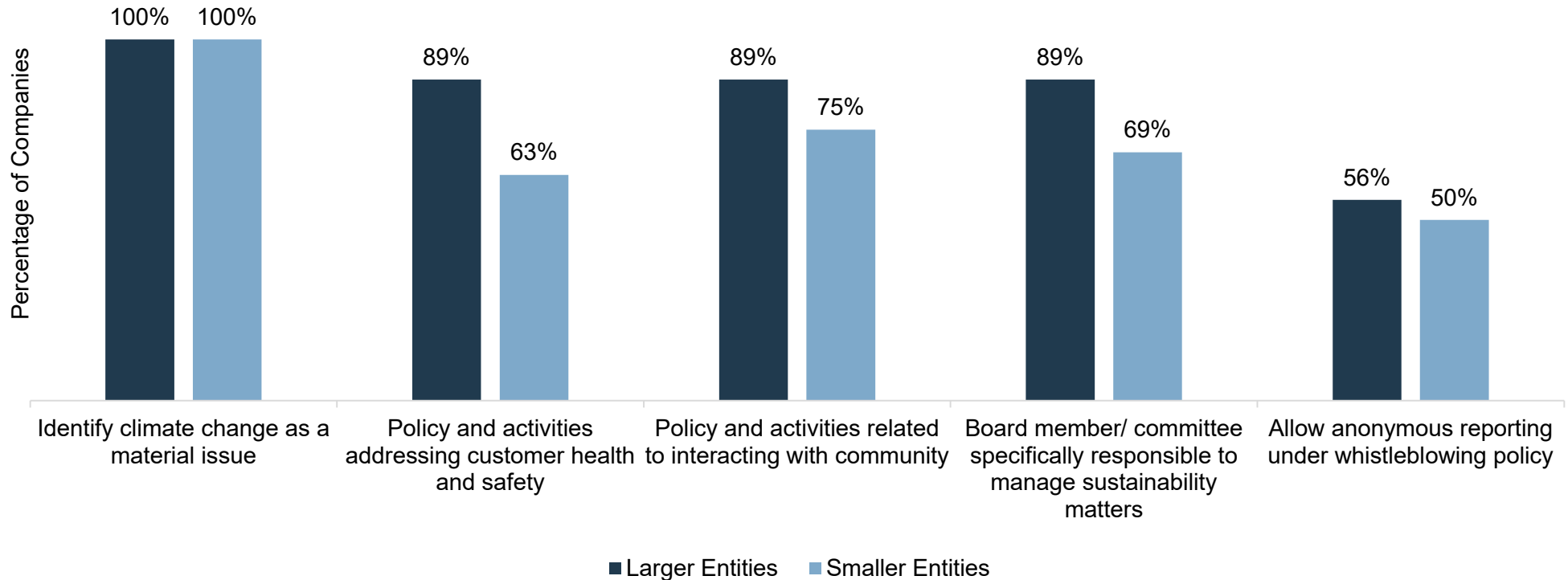
# BREAD Scores: REITs & Business Trusts



# Sustainability Reporting Processes: REITs & Business Trusts



# ESG Issues: REITs & Business Trusts



# Summary

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- 1. A new dynamic SGTI** was introduced this year, with greater focus on sustainability
- The overall mean score was 69.3 for General Category and 86.6 for REIT & Business Trust Category.
  - **Companies show the strongest performance in shareholder rights, sustainability, and accountability and audit**
- 3. There is a clear size effect:** mean overall score of smaller companies is 20 points less than that of large companies
  - The largest size effect is seen in *Disclosure & Transparency, Board Responsibilities* and *ESG & Stakeholders*

# Summary

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4. **Smaller companies have made progress in fundamentals of sustainability reporting such as materiality** (identification of material topics, selection process used). Almost all companies disclose these, regardless of size
5. However, **large companies have a clear advantage in areas such as sustainability governance.**
  - Disclosure rate for having a board member or board committee responsible for managing sustainability is 23 percentage points lower for smaller companies
6. Support should be given to smaller companies to raise the standard of sustainable corporate governance disclosures across the market, targeting areas in which they lag behind large companies. **Good governance and sustainability should not be the sole domain of large companies**