

# New judging criteria for corporate governance award

## Firms to be chosen based on OECD principles, then rated by investors

By **JONATHAN KWOK**

THE way a widely-followed award for corporate governance is being revamped to give shareholders a greater say and to add to its international credibility.

The Securities Investors Association of Singapore (Sias) said there will now be a larger focus on investor rights practices in assessing firms for its Singapore Corporate Governance Award.

Analysts and big investors will also be interviewed for their take before the winning companies are chosen. This is a departure from the practice instigated when the award was launched in 2003.

Winners have been based purely on their compliance with the recommendations of the Singapore Corporate Governance Code, with the research and rat-

ings conducted by the National University of Singapore Business School.

A new two-part process will be used this year.

A team from the Sim Kee Boon Institute for Financial Economics (SKBI) at the Singapore Management University will first identify companies that score highly on its own SKBI Singapore Corporate Governance Index as well as those firms with good shareholder rights practices.

The SKBI index, which is based on principles developed by the Organisation for Economic Cooperation and Development (OECD), uses criteria such as equitable treatment of shareholders and transparency.

The list of firms will then be passed to Brendan Wood Asia, a joint venture between business intelligence firm Brendan Wood In-



ternational and Singapore's Mileage Communications.

Brendan Wood Asia has a shareholder confidence index which polls analysts and large investors to rate firms based on criteria like corporate strategy, leadership and disclosure.

The two rounds mean that both academically credible criteria and the input of shareholders will be used to choose winners, said Sias.

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### INTERNATIONAL CREDIBILITY

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Sias president David Gerald said yesterday that using the OECD criteria will widen the awards' credibility overseas.

“If we just give an award based on the Singapore Corporate Governance Code, it's very Singapore-centric,” he noted.

“If international investors want to know how good a company is in governance and shareholder confidence, they've got to look at the Sias award now.”

Data collection for the first round started in March, said Professor Jeremy Goh, who leads the SKBI team.

The award will be presented at the Sias Investors' Choice Award ceremony on Oct 3. Top chief executives who show qualities such as effective communication and leading a culture of accountability will also be recognised by Brendan Wood at the event.

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