

SIAS closely eyes SGX-listed firms' board governance

FROM **DAVID GERALD**

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We refer to Mr Tan Kok Tim's letter "Amend legislation to ensure board independence soon" (Dec 30).

The Securities Investors Association (Singapore) (SIAS) closely monitors the corporate governance practices of the boards of companies listed on the Singapore Exchange (SGX), as retail investments in listed companies are safer with those that practise good governance.

SIAS is particularly concerned about the independence of boards of SGX-listed companies, as independent directors provide assurance to minority shareholders that their interests will be looked after. Therefore, SIAS conducts yearly research on all listed companies to track their governance practices.

Our research with Singapore Management University's Sim Kee Boon Institute shows that, last year, 58 per cent of listed companies have a board composition of at least half being independent directors. We see a trend towards having at least half the board being independent directors, but we hope more firms would improve on the composition. We encourage them to better ensure board independence.

To our knowledge, no major Asian market has legislated board independence. Likewise in Singapore, companies are expected to disclose their practices by complying with the Code of Corporate Governance or explaining for deviations.

Shareholders are expected to push for better governance practices. Investors in a listed company should seek accountability from non-compliant boards. If the company is unwilling to comply with the code, shareholders have the option of selling their shares.

Corporate governance is not just the responsibility of the board and independent directors. Shareholders play an important role in seeking board accountability by asking questions, attending meetings and keeping track of announcements.

It is through this collaborative effort that corporate governance standards in Singapore can be raised.

Mr Tan provided feedback on a practice in some listed companies, where top executives "breathe down the necks" of other directors at meetings, ignoring "the spirit of independence of directors".

SIAS invites him to share more information on this. We would not hesitate to intervene in such cases, as we take a serious view of firms that do not practise good governance.