

Corporate Governance in Singapore – The Road Thus Far

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Abstract

The first Code of Corporate Governance was adopted in Singapore 21 years ago in 2001. Since then, the Code has been re-issued three times, the last being in 2018. There has also been a shift in approach taken by the Singapore regulators with regards to how corporate governance should be enforced among companies, especially those listed on the Singapore Exchange. From a voluntary “comply-or-explain” approach to partially mandatory, instilling the right degree of corporate governance in Singapore companies has been a balancing act throughout these years. This paper examines some of the unique challenges facing Singapore and discusses how Singapore, through the use of both hard and soft law, has been able to mold its corporate governance regime to meet the international standards while tailoring it to the needs of local companies.

Keywords: Corporate governance, Singapore, board independence, board diversity, remuneration matters, government-linked companies

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Abstract

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Introduction¹

Since becoming a sovereign independent nation in 1965, Singapore has rapidly developed from a colonial backwater of the British empire to an international commercial and financial hub. Such unprecedented economic transformation appears to be underpinned by Singapore's regulators' continuous commitment to keeping pace with the highest global standards of corporate governance. This provides "a climate conducive to the orderly development of the capital markets", "to meet the increasing expectations of investors"² and to attract foreign investment.

Today, Singapore is regarded as having attained the highest international standards of corporate governance. This is illustrated by how it has been placed in the top 2 of the World Bank's Ease of Business Index for 16 consecutive years from 2004 till 2020,³ and how it has consistently been ranked as having the top 3 best corporate governance in Asia by the Asian Corporate Governance Association.⁴ However, throughout the last five decades, Singapore's regulators have had to confront a myriad of challenges in achieving the highest international standards of corporate governance.

First, Singapore's corporate landscape has traditionally been dominated by highly concentrated shareholding structures. Over 90% of Singapore listed companies have "block shareholders who exercise controlling power".⁵ This concentrated shareholding structure presents unique challenges in ensuring the accountability of controlling shareholders and protecting minority shareholder interests.

Second, Singapore's corporate landscape with regards to the companies listed on the Singapore Exchange (SGX) is traditionally dominated by government-linked companies (GLCs) – companies that are fully or partially state-owned. These GLCs face the potential

¹ For a more comprehensive discussion of the Singapore corporate law and corporate governance landscape, see Lan Luh Luh, *Essentials of Corporate Law & Governance in Singapore*, 2nd edn (Singapore: Sweet & Maxwell, 2022).

² Singapore Corporate Governance Committee, *Report of the Corporate Governance Committee*, 21 March 2001, at para [6]. This can be accessed and downloaded via the Monetary Authority of Singapore's website at <https://www.mas.gov.sg/-/media/MAS/Regulations-and-Financial-Stability/Regulatory-and-Supervisory-Framework/Corporate-Governance-of-Listed-Companies/corfinalrpt.pdf>.

³ The World Bank, *Business Enabling Environment-Doing Business Legacy*, see <https://www.worldbank.org/en/programs/business-enabling-environment/doing-business-legacy>.

⁴ Singapore was tied at second place with Hong Kong in the ACGA's 2018 ranking but fell by 0.3 point to the third spot in the 2020 ranking. Australia remains at the top spot in both the 2018 and 2020 studies for its high quality of corporate governance in this pan-Asian study: see <https://www.acga-asia.org/cgwatch.php>.

⁵ Tan Cheng Han, Dan W Puchniak and Umakanth Varottil, "State-Owned Enterprises in Singapore: Historical Insights into a potential model for reform" (2015) 28(2) *Columbia Journal of Asian Law* 61, 67.

corporate governance challenges of “undue political influence” and not being managed as “competitive commercial companies”.⁶

Third, since her founding, Singapore has confronted a spate of corporate governance scandals⁷ and economic crises (such as the 1997 Asian Financial Crisis and the 2008 Global Financial Recession⁸).⁹ These unprecedented events have either threatened to dent investors’ confidence in Singapore’s status as an international financial hub,¹⁰ or catalyzed the introduction of new international corporate governance standards which Singapore must adapt to.

Fourth, Singapore, like most international securities/stock exchanges, must maintain a “complex balance” between high corporate governance standards while ensuring these are not too onerous for foreign investors and multi-national companies based here. It therefore has to be flexible in the implementation in her corporate governance regime.¹¹

Lastly, at the start of the 21st-century, Singapore is increasingly facing the challenges of adopting the growing global trend of incorporating stakeholder interests, corporate social responsibility (CSR) and sustainability goals into an Anglo-American influenced corporate governance framework which traditionally promotes shareholder value as the pre-eminent

⁶ Dan W Puchniak and Luh Luh Lan, “Independent Directors in Singapore: Puzzling compliance requiring explanation” (2017) 65(2) *The American Journal of Comparative Law* 265, 307.

⁷ For instance, in 2018, it was revealed that KPMG, the auditors of the Singapore-listed water treatment company, Hyflux, failed to raise red flags for a period of 7 years (2011-2018) when the company was heavily indebted to its creditors and allowed huge dividend payouts. Hyflux was eventually compulsorily liquidated with unsecured debt of US\$2bn. Earlier in 2013, a penny-stock crash due to market manipulation by a few individuals had wiped out US\$5.6bn from the Singapore stock market: see Tabby Kinder and Hudson Lockett, “Singapore Bourse tighten Audit Rules after String of Scandals” in *Financial Times*, 12 January 2021. The article can be accessed at <https://www.ft.com/content/cc367f9c-1327-47ee-a506-a9726f501d7e>.

⁸ The 2008 Global Financial Crisis caused by the United States sub-prime mortgages hit Singapore hard. By the third quarter of 2008, its ripple effects had greatly stressed the Singapore economy, causing it to be the first country in East Asia to succumb to recession. It was hailed as Singapore's worst ever recession. See Singapore National Library e-resources at <https://eresources.nlb.gov.sg/history/events/3cacf256-82cc-4776-b7f8-83757723b502#:~:text=By%20the%20third%20quarter%20of,as%20Singapore's%20worst%20ever%20recession>.

⁹ For a comparison of the impact of these two crises on the Singapore economy, see Lan Luh Lan and Hans Tjio, “Regulatory framework: The winning/losing architecture” in Seetharam Kallidaikurichi (eds) *A Tale of Two City – A Multidisciplinary Analysis* (London: Routledge, 2012).

¹⁰ Jake Maxwell Watts and Saurabh Chaturvedi, “Spate of Company Scandals Taints Singapore’s Clean Image” in *The Wall Street Journal*, 18 May 2018. The article can be accessed at <https://www.wsj.com/articles/spate-of-company-scandals-taints-singapores-clean-image-1526620582>.

¹¹ Chanyaporn Chanjaroen and Ishika Mookerjee, “Singapore Corporate Scandals Spur Push for Regulatory Transparency” in *Bloomberg*, 9 March 2021. The article can be accessed at <https://www.bloomberg.com/news/articles/2021-03-08/singapore-corporate-scandals-spur-push-for-regulatory-transparency#xj4y7vzkg>.

purpose of a corporation. All these are factors which help to explain the Singapore corporate governance landscape as it is today.

History of Corporate Law and Corporate Governance in Singapore

Much of Singapore's law was heavily influenced by the English law before its independence from Britain in 1959¹². This continued in the area of corporate law by the adoption of the Singapore Companies Act 1967, primarily based on the UK Companies Act 1948.¹³ As Singapore follows the common law legal system, other rules regarding corporate governance and company law can be found in the common law (such as rules governing the fiduciary duties of directors) and to a smaller extent, the Securities and Futures Act 2001. The latter sets out the regulatory framework for the capital markets in Singapore.

At the turn of the 21st-century, key international developments in the corporate governance scene - the introduction of the Cadbury Report in the UK in 1992 and the issue of the first edition of the OECD Principles of Corporate Governance in 1999 - precluded Singapore's eventual gradual adoption of soft law measures to regulate Corporate Governance. Furthermore, poor corporate governance in various Asian jurisdictions was "widely viewed as one of structural weaknesses" responsible for the outbreak of the Asian Financial Crisis in 1997.¹⁴ This led many Asian jurisdictions, including Singapore, to undertake corporate governance reform in order to meet internationally-recognized standards of corporate governance while restoring investor confidence following the Asian Financial Crisis.

¹² Singapore, a former British colony, gained full internal self-governance from the British on 3 June 1959, although it became an independent sovereign nation much later on 9 August 1965.

¹³ Walter Woon, "Reforming Company Law in Singapore" (2011) 23 *Singapore Academy of Law Journal* 795.

¹⁴ Sang-Woo Nam and Il Chong Nam, *Corporate Governance in Asia: Recent Evidence from Indonesia, Republic of Korea, Malaysia and Thailand*, Asian Development Bank Institute, 2004 at p.1. The book can be accessed at <https://www.adb.org/sites/default/files/publication/159384/adbi-corp-gov-asia.pdf>.

Regulatory environment

Monetary Authority of Singapore (MAS)

The MAS is the primary public institution regulating corporate governance in Singapore. It serves as Singapore's central bank as well as a consolidated regulator that regulates securities, banking and insurance. It is the Reserve Bank of Australia, ASIC and the Australian Prudential Regulation Authority all rolled into one. The mission of MAS is 'to promote sustained and non-inflationary economic growth, and a sound and progressive financial services sector' including creating a "stable financial system"¹⁵ In December 1999, the MAS convened the Corporate Governance Committee (CGC), comprising industry representatives from various groups (including the corporate sector, legal profession, regulators etc.) to review the approach, development and promotion of best practices in corporate governance in Singapore.¹⁶ This led to the eventual adoption of the first Singapore Code of Corporate Governance (the "Code") on 21 March 2001, making Singapore the second Asian nation to adopt a formal Code.¹⁷

Since the launch of the Code, Singapore's regulators have recognized the need to evolve the Code "to maintain its relevance and applicability with the changing corporate landscape" as well as the changing "market mechanisms for promoting good corporate governance".¹⁸ As such, there have been three subsequent revisions to the Code in 2005 (second edition), 2012 (third edition), and 2018 (fourth edition). At every revision, MAS has been the main body that initiated, appointed and convened the independent industry-led committee that reviewed the Code, prepared public consultation papers and made recommendations for changes. The recommendations made by the committee were usually adopted by MAS with little or no modifications.¹⁹

In addition to the Code that applies to all companies listed on the SGX, the MAS also issues guidelines on corporate governance that financial institutions, including all designated financial holding companies, banks, direct insurers, reinsurers and captive insurers which are

¹⁵ Monetary Authority of Singapore, *Objectives and Principles of Financial Supervision in Singapore*, April 2004 (revised in 2015), pages 1 and 4. This document can be accessed at <https://www.mas.gov.sg/~media/MAS/News%20and%20Publications/Monographs%20and%20Information%20Papers/Objectives%20and%20Principles%20of%20Financial%20Supervision%20in%20Singapore.pdf>

¹⁶ Corporate Governance Committee, *Consultation Paper*, November 2000, p.1

¹⁷ The first Asian nation to adopt a corporate governance code is Malaysia which adopted the Malaysian Code of Corporate Governance in 2000.

¹⁸ Corporate Governance Committee, *Consultation Paper*, November 2000, p.4 & 8

¹⁹ Except for the 2012 (third edition) which MAS proposed some modifications to the draft Code put forth by the CGC, the 2005 (second edition) and 2018 (fourth edition) of the draft Code were adopted in totality by MAS.

incorporated in Singapore, must observe in relation to their corporate governance. The latest version was issued on 9th November 2021.²⁰

The Singapore Exchange (SGX)

Unlike the MAS which is a statutory body, the SGX is an incorporated company listed on itself.²¹ Nonetheless, as Singapore's only approved exchange, the SGX, through its wholly-owned subsidiary SGX RegCo,²² plays a crucial role in regulating corporate governance among SGX-listed companies.

SGX RegCo regulatory strategy involves monitoring the compliance of SGX-listed companies with the SGX's Listing Rules – which contains rules regulating corporate governance, i.e., the Code. Since the Code functions on a “comply or explain” basis, the listed companies are required to make disclosures in their annual reports as to the extent of compliance with the Code and explain any deviations made. Failure to do so will be a breach of the SGX Listing Rules. The SGX Listing Rules is essentially a contract between SGX and its various listed companies. As such, breaches of the SGX Listing Rules do not incur criminal liability under a court of law. Nonetheless, SGX RegCo's disciplinary committee is entitled to issue fines, public reprimands or impose suspension and even de-listing on listed companies that fail to comply with the Listing Rules.

The actions taken by SGX RegCo and SGX often result in major corporate governance changes in listed companies. For example, in 2017, SGX publicly reprimanded the Singapore Post Limited (SingPost), a listed company with majority stake held indirectly by Temasek Holdings, and its directors for breaches of corporate governance under the SGX Listing Rules, including failure to “have a robust and effective system of internal controls, addressing financial, operational and compliance risks.”²³ SingPost had issued an incorrect statement

²⁰ MAS, *Guidelines on Corporate Governance for Designated Financial Holding Companies, Banks, Direct insurers, Reinsurers and Captive Insurers which are incorporated in Singapore*, 9 November 2021. The document can be accessed at <https://www.mas.gov.sg/-/media/MAS-Media-Library/regulation/guidelines/ID/guidelines-on-corporate-governance/Guidelines-on-Corporate-Governance-9-November-2021.pdf>.

²¹ The SGX was formed in 1999 in order to effectuate the demutualization and merger of the two exchanges: Stock Exchange of Singapore and Singapore International Monetary Exchange under the Exchanges (Demutualisation and Merger) Act 1999.

²² The SGX RegCo was established in 2017 to ensure the separation of the regulatory functions from the business functions of SGX. The majority of the SGX RegCo board, including the chairman, comprise of directors independent from the SGX Group. Additionally, the entire Board is independent of any corporations listed on SGX-ST and member firms of the SGX Group: see <https://www.sgx.com/regulation/about-sgx-regco>.

²³ This breached Rule 719(1) of the SGX Listing Rules.

when it failed to disclose that one of its independent directors had a material interest in a contract with the company.²⁴ This led to the appointment of Special Auditors to investigate into the matter and the eventual renewal of the whole SingPost board.

The Accounting and Corporate Regulatory Authority (ACRA)

ACRA is the regulator of business registration, financial reporting, public accountants and corporate service providers.²⁵ Although ACRA is not involved in the implementation and oversight of the Code, it administers and enforces (with the assistance of the Attorney General's Office for criminal prosecution), inter alia, the Companies Act 1967. The latter contains sections relating to directors' duties, breach of which can attract disqualification and criminal sanctions, including a fine up to S\$5000 (approximately US\$3500) and/or jail term not exceeding 12 months.²⁶ For example, in July 2021, a Singaporean, who offered his service to a corporate service provider by lending his name as the "resident director" to foreigners wishing to incorporate a company in Singapore, was fine S\$3000 (in default 15 day's imprisonment) and disqualified from being a director for three years. The High Court found that he had failed to exercise reasonable diligence in the discharge of his duties as a company director when a company of which he was a director was used for fraudulent purpose without his knowledge.²⁷

The Corporate Governance Advisory Committee (CGAC) and its predecessor, the Corporate Governance Committee/Council (CGC)

²⁴ SGX's statement issued on 4 May 2017 entitled, *SGX reprimands Singapore Post Limited*. This document can be accessed at <https://www.sgx.com/regulation/public-disciplinary-actions/sgx-reprimands-singapore-post-limited>.

²⁵ ACRA was formed as a statutory board under the Accounting and Corporate Regulatory Authority Act 2004 on 1 April 2004, following the merger of the Registry of Companies and Businesses (RCB), and the Public Accountants' Board (PAB).

²⁶ For example, see section 157(3) of the Companies Act 1967. Section 157 lays down the general principle of director's fiduciary duties and duty of care, skill and diligence. Unlike in Australia or in the UK, director's fiduciary duties in Singapore are not codified and courts still rely largely on common law cases and principles.

²⁷ Singapore Police Force's media release issued on 30 July 2021 entitled, *Resident director sentenced to \$3000 fine and disqualified from being a director for three years*. This document can be accessed at [https://www.police.gov.sg/Media-Room/News/20210730_resident_dir_sentenced_to_\\$3000_fine_n_disqualified_from_being_a_cmpy_dir_for_3_years](https://www.police.gov.sg/Media-Room/News/20210730_resident_dir_sentenced_to_$3000_fine_n_disqualified_from_being_a_cmpy_dir_for_3_years).

The original Code and the three editions that followed were proposed by ad hoc Corporate Governance Committees/Councils established at different points in time by the MAS to conduct comprehensive review of the Code. It was not until 2019 that MAS established the CGAC as a permanent, industry-led body to advocate good corporate governance practices among listed companies in Singapore.

The CGAC has a few functions. First, it identifies current and potential risks to the quality of corporate governance in Singapore and monitors international trends. Second, it revises the Practice Guidance, and recommends updates to the Code. Third, it provides opinions on corporate governance practices, with the objective of advocating good practices as benchmarks, including highlighting areas for improvement for listed entities in general. Finally, it consults stakeholders, including listed entities, on proposed changes to the Code or Practice Guidance if necessary and acts as a resource to regulators (SGX RegCo, MAS and ACRA), including advising regulators on corporate governance issues referred to it by regulators.²⁸ Unlike MAS and SGX, CGAC's role is advisory in nature and does not carry any regulatory or enforcement powers. Since its inception, the CGAC has released a few public statements on corporate governance practices in Singapore. The Practice Guidance has also been revised a few times and the latest version was released on 11 January 2023.

Introducing the Corporate Governance Code

Objectives & Approach to Corporate Governance

The Code serves as the primary source of best practices regulating corporate governance practices in Singapore. It aims to promote “high levels of corporate governance in Singapore by putting forth Principles of good corporate governance and Provisions with which companies are expected to comply”.²⁹ After considering the various approaches to regulating corporate governance around the world, the CGC in 2001 recommended that the Singapore Code adopts a balanced approach in promoting good corporate governance, which is influenced by Canada and UK's regulatory regimes.

²⁸ Corporate Governance Advisory Committee, *About the CGAC*, CGAC's official website: <https://www.cgac.sg/about-cgac>.

²⁹ Corporate Governance Committee, *Corporate Governance Committee Consultation Paper*, November 2000, p.1

This approach eschews a total adoption of the prescriptive approach as “what is good corporate governance is likely to vary across companies and over time” such that a prescriptive Code that assumes a “one size fits all” approach is inappropriate in the Singapore context.³⁰ On the other hand, the Code is influenced (in part) by the non-prescriptive approach to corporate governance which is exemplified by the approach in the US. Ultimately, Singapore’s balanced approach incorporates a US-style “disclosure-based philosophy to regulation”,³¹ while providing fairly specific, albeit voluntary corporate governance practices that companies should adopt. As a result, the Code sets out specific best practice guidelines and all listed companies on the SGX are to give a complete description of their corporate governance practices with specific references to each of the guidelines. Where the companies deviate from these best practices, they should disclose these non-compliances with appropriate explanations. In CGC's view, while the SGX has the responsibility of ensuring that listed companies disclose their corporate governance practices as well as their reasons for any deviation from the Code, the quality of the explanations is for the market to assess and judge.³²

In the latest revision of the Code, Singapore has shifted away from a voluntary approach to a partial mandatory approach with respect to corporate governance practices. During the review, the CGC recommended the adoption of an even “more concise and less prescriptive Code to encourage thoughtful application and a shift away from a box-ticking mindset”.³³ The 2018 version of the Code has now been streamlined to focus on key tenets of corporate governance by (a) shifting important requirements or baseline market practices to the SGX’s Listing Rules (SGX LR); (b) removing overly-prescriptive or duplicative requirements already in SGX LR from the Code; and (c) introducing a voluntary Practice Guidance to provide guidance on compliance with the Code and set out best practices. The Practice Guidance is updated by CGAC from time to time to ensure that the explanations and examples given to illustrate the Provisions in the Code are timely and relevant.

The Code is now structured as follows:

³⁰ Corporate Governance Committee, *Report of the Committee and the Code of Corporate Governance*, 21 March 2001 at para 10.

³¹ Corporate Governance Committee, *Report of the Committee and the Code of Corporate Governance*, 21 March 2001 at para 10.

³² Corporate Governance Committee, *Report of the Committee and the Code of Corporate Governance*, 21 March 2001 at para 13.

³³ Corporate Governance Council, *Annex A: Final Recommendations of the Corporate Governance Council submitted to MAS*, 2018 at para 2; Allen & Gledhill, *Knowledge Highlights: MAS issues Code of Corporate Governance*, 13 August 2018.

First, the “Introduction” broadly outlines the Code’s objectives, structure and its comply or explain framework.

Second, the “Principles”, which sets out “broadly accepted characteristics of good corporate governance”.³⁴

Third, the “Provisions”, “describe the tenets of good corporate governance” and are designed to support compliance with the Principles.³⁵

The Code is complemented by Practice Guidance which provide clearer “guidance on the application of the Principles and Provisions with which companies are expected to apply”.

Compliance with the SGX-LR and the Principles is mandatory while the “comply-or-explain” regime continues to apply to the Provisions. Adherence with the Practice Guidance is entirely voluntary.

Key aspects of corporate governance regulation

The Code broadly seeks to regulate the following five key areas of corporate governance regulation in Singapore:

- (1) The role and composition of the Board (Principles 1-5);
- (2) Remuneration Matters (Principles 6-8);
- (3) Matters of Accountability and Audit (Principles 9-10);
- (4) Shareholder Rights and Engagement (Principles 11-12); and,
- (5) Managing Stakeholder Relationships (Principle 13).

This papers examines the important changes that have taken place in these key areas over the years.

³⁴ Code of Corporate Governance 2018, Introduction at para 7.

³⁵ Code of Corporate Governance 2018, Introduction at para 8.

The Board

General considerations

Singapore's regulation of the board is underpinned by the Code's affirmation of "the centrality of the Board to good corporate governance" in two regards. First, the Code establishes the "appropriate culture, values and ethical standards of conduct at all levels of the company" and second, it encourages the formation of a well-constituted board to lead in better decision-making and "enhanced business performance".³⁶ In particular, the Code seeks to regulate three aspects of the board: its role (Principle 1) which includes the assessment of its performance (Principle 5); composition (Principle 2); and board membership (Principle 4).

Briefly, the following salient provisions regarding the board have remained largely similar in all three editions of the Code and/or the Practice Guidance: (1) restating the board's fiduciary duty and statutory duty to act in "the best interests of the company" and to "avoid conflicts of interest";³⁷ (2) the board to provide entrepreneurial leadership, set strategic objectives and ensure that the necessary resources are in place for the company to meet its strategic objectives;³⁸ (3) the board to instill an ethical corporate culture and ensure that the company's values, standards, policies and practices are consistent with the culture;³⁹ and the board to consist of three main committees:

- a. Audit Committee – which is tasked with reviewing the financial reporting issues; the company's internal control and risk management systems and "reviewing the policy and arrangements for concerns about possible improprieties in financial reporting or other matters to be safely raised, independently investigated and appropriately followed up on", i.e., the company's whistle-blowing arrangement.⁴⁰

³⁶ Code of Corporate Governance 2018, Introduction at para 3.

³⁷ Code of Corporate Governance 2018, Provision 1.1

³⁸ Practice Guidance, 11 January 2023, Practice Guidance 1(a).

³⁹ Practice Guidance, 11 January 2023, Practice Guidance 1(e).

⁴⁰ Code of Corporate Governance 2018, Provision 10.1.

- b. Nomination Committee – which is tasked with making recommendations relating to the “review of succession plans for directors”, “appointment and re-appointment of directors” and the “process and criteria for evaluation of the performance of the board” *inter alia*.⁴¹
- c. Remuneration Committee – which is tasked with reviewing and making recommendations on “a framework of remuneration for the board and key management personnel”.⁴²

On board tenure and training, it is now mandatory for all directors, including executive directors, to submit themselves for re-nomination and reappointment at least once every three years.⁴³ A director who has no prior experience as a director of a listed company on the SGX must also undergo training in the roles and responsibilities of a director as prescribed by the SGX.⁴⁴

Over the last 20 years, the requirements in the Code on the board have evolved most in the following areas:

- (1) the progressive strengthening of the requirement for an “independent element on the board”,⁴⁵ and
- (2) the broadening of the board’s composition to include an appropriate level of “diversity of thought and background” to enable it to make decisions in the best interests of the company.⁴⁶

⁴¹ Code of Corporate Governance 2018, Provision 4.1.

⁴² Code of Corporate Governance 2018, Provision 6.1.

⁴³ Rule 720(5) of the SGX Listing Rules (Mainboard), Rule 720(4) of the SGX Listing Rules (Catalist).

⁴⁴ Rule 210(5)(a) of the SGX Listing Rules (Mainboard), Rule 406(3)(a) of the SGX Listing Rules (Catalist).

⁴⁵ Code of Corporate Governance 2018, Principle 2; Practice Guidance, 11 January 2023, Practice Guidance 2.

⁴⁶ Code of Corporate Governance 2018, Principle 2; Practice Guidance, 11 January 2023, Practice Guidance 2.

Requirement of Independence

When the Code was first introduced in 2001, the definition on “independent director” only required directors to be independent from management without requiring independence from significant shareholders. This was regarded as a “seemingly illogical” transplant of the American concept of independent director which diverged from other non-American jurisdictions with concentrated block-shareholding structure.⁴⁷

This definition of “independent director” lasted through the subsequent revision of the Code in 2005 and changes only came 10 years later in 2012. The 2012 Code amended the requirement of independent directors to be independent from both management and from shareholders holding more than 10 per cent of the company’s shares. It also provided that independent directors make up the majority of the Board where the Chairman is not independent,⁴⁸ whereas the 2001 Code only required a minimum of 1/3 of independent directors on the board. These amendments were underpinned by MAS to align Singapore’s corporate governance “with international best practices” and “enhance market confidence in the strength of the governance of listed companies in Singapore”.⁴⁹ More importantly, the impetus for this decision could perhaps be attributed to a spate of scandals throughout the 2000s, involving controlling shareholders located in mainland China, tunneling the wealth of SGX listed companies they controlled at the expense of minority shareholders.⁵⁰

In the latest amendment to the Code in 2018, the requirements for independence was further strengthened by lowering the shareholding threshold to determine a director's independence to 5 per cent from 10 per cent⁵¹. Now, it is **mandatory** for independent directors to make up at least one-third of listed boards since this requirement has been moved to the SGX-LR and no longer works on a “comply-or-explain” basis⁵². If the Chairman is not independent, the Code recommends that independent directors to make up *majority* (from at

⁴⁷ Dan W Puchniak and Luh Luh Lan, “Independent Directors in Singapore: Puzzling compliance requiring explanation” (2017) 65(2) *The American Journal of Comparative Law* 265, 314.

⁴⁸ Code of Corporate Governance 2018, Provision 2.2.

⁴⁹ Monetary Authority of Singapore, *Response to Recommendations 2012*, 3.

⁵⁰ While such Chinese-controlled, SGX listed companies accounted for approximately half of all new listings on the SGX by the end of the 2000s, almost 10% of these firms had been suspended from trading on the SGX due to governance or accounting related issues by 2011. See Dan W Puchniak and Luh Luh Lan, “Independent Directors in Singapore: Puzzling compliance requiring explanation”, (2017) 65(2) *The American Journal of Comparative Law* 265, 341.

⁵¹ Code of Corporate Governance 2018, Provision 2.1.

⁵² See Rule 210(5)(c) of the SGX Listing Rules (Mainboard), Rule 406(3)(c) of the SGX Listing Rules (Catalist).

least half) of the board.⁵³ Other times, non-executive directors are to make up a majority of the board.⁵⁴ In addition, independent directors who have served for an aggregate period of more than nine years (whether before or after listing) can continue to be considered independent until the conclusion of the next annual general meeting of the company,⁵⁵ after which they will no longer qualify as “independent” under the Code nor the listing rules.

Board Diversity

When the Code was first introduced, “diversity” was understood in a narrow manner: the board was to be filled with directors of different core competence.⁵⁶ In the 2012 revision of the Code, the term “diversity” entered the Code and boards were recommended to “comprise [of] directors who as a group provide an appropriate balance and diversity of skills, experience, gender and knowledge of the company”.⁵⁷ The 2018 Code further strengthens the requirement and now the Board must have a “diversity of thought and background in its composition to enable it to make decisions in the best interests of the company”.⁵⁸ In addition, the listed companies are now required, for the first time, to disclose their board diversity policy and progress made in achieving the board diversity policy (including any objectives set by the companies) in their annual reports.⁵⁹

However, Singapore’s framework for promoting board diversity remains controversial in the following regards. First and foremost, there is inconclusive evidence (empirical or otherwise) that board diversity promotes good corporate governance. While various

⁵³ Code of Corporate Governance 2018, Provision 2.2.

⁵⁴ Code of Corporate Governance 2018, Provision 2.3.

⁵⁵ Rule 210(5)(d)(iv) of the SGX Listing Rules (Mainboard), Rule 406(3)(d)(iv) of the SGX Listing Rules (Catalist). This rule was revised on 11 January 2023. Previously, independent directors who served more than 9 years could continue to be deemed independent so long their appointment survived a two-tier shareholders’ vote: by all shareholders and all shareholders excluding directors and CEO and their associates. This mechanism was criticized as being used by listed companies to circumvent the independence rule and to retain long-serving independent directors, inhibiting board renewal and progress on board diversity.

⁵⁶ See Code of Corporate Governance 2001, Guidance Note 2.4 and Code of Corporate Governance 2005, Guideline 2.4.

⁵⁷ Code of Corporate Governance 2012, Guideline 2.6.

⁵⁸ Code of Corporate Governance, 2018 Principle 2.

⁵⁹ Code of Corporate Governance 2018, Provision 2.4. With effect from 1 January 2022, Rule 710A(1) of the SGX Listing Rules (Mainboard) / Rule 710A(1) of the SGX Listing Rules (Catalist) requires issuers to maintain a board diversity policy.

Singaporean organizations, including the Council for Board Diversity,⁶⁰ have touted that “diverse boards are catalysts to robust governance”,⁶¹ such claims have yet to be supported by local empirical studies or evidence. Second, the Code’s comply or explain framework is arguably inadequate in promoting board diversity. To begin with, unlike countries like Belgium and Norway with mandatory gender quota, the Code does not mandate any specific targets/quotas for the minimum number of board directors to be from diverse gender or minority backgrounds. In addition, the Code’s comply or explain framework can be justified in allowing for “flexibility of implementation”.⁶² It permits companies who may not have the resources to implement the diversity rules to explain their inability to comply. In the alternative, it allows companies to achieve “diversity of thought and background” without employing traditional metrics of demographic diversity (such as age or gender).⁶³ This may explain the slow increase in women’s representation on the top 100 SGX primary-listed boards, from 15.2% as at end December 2018⁶⁴ to 19.7% as at 1 January 2022.⁶⁵

Remuneration Matters

Disclosure of remuneration matter has always been a sensitive topic in Asian countries, especially Singapore. Way back in 2001 when the Code was first introduced, the then Corporate Governance Committee acknowledged the need to strike a balance on the extent of disclosure of individual directors' remuneration and the need to maintain privacy:

⁶⁰ The Council for Board Diversity was set up in 2019 by the Singapore Ministry for Social and Family Development with the main aim of increasing women representation on boards of SGX listed companies. It has the President of Singapore, Madam Halimah Yacob, as its patron: see its official website at <https://www.councilforboarddiversity.sg/about/our-journey/>.

⁶¹ Council for Board Diversity, *Our Belief*, <https://www.councilforboarddiversity.sg/about/our-belief/>.

⁶² Ernest Lim, *Sustainability and Corporate Mechanisms in Asia*, (UK: Cambridge University Press, 2020), 68.

⁶³ Ernest Lim, *Sustainability and Corporate Mechanisms in Asia*, (UK: Cambridge University Press, 2020). In particular, the author is of the view that the Code’s comply or explain regime fails to review the quality of diversity disclosures let alone make clear the “*criteria that it will adopt to determine the adequacy*” of disclosures. This undermines the promotion of board diversity insofar as companies may for instance provide self-serving justifications for failing to employ a diverse board while omitting to disclose “*concrete measures that the board has taken or will take to promote board gender diversity*”. See pages 125-129.

⁶⁴ Diversity Action Committee, *Report on Women’s Representation on Boards of SGX-listed companies as at end December 2018*, January 2019.

⁶⁵ Council for Board Diversity, *Report on Women’s Representation on Boards as at end December 2021*, March 2022.

“On the one hand, the disclosure of individual directors' remuneration is in line with international best practice, and would be of benefit to shareholders, who have a right to know how directors are being compensated from corporate funds. However, this has to be balanced against the argument that such a practice might erode the personal privacy of directors of publicly listed companies (particularly in view of the fact that Singapore is a relatively small community) and might create inflationary pressure to ratchet directors' remuneration upwards.”⁶⁶

On the disclosure of remuneration policy, listed companies are now required to be “transparent on its remuneration policies, level and mix of remuneration, the procedure for setting remuneration, and the relationships between remuneration, performance and value creation.”⁶⁷ This, in substance, imposes stricter, more specific remuneration disclosure requirements than the 2012 Code which simply recommends companies to adopt, on a “comply-or-explain” basis, “a formal and transparent procedure for developing policy on executive remuneration and for fixing the remuneration packages of individual directors”.⁶⁸

On the disclosure of the exact remuneration packages received by the concerned parties, it used to be that the Code allowed the listed company to disclose (on a “comply-or-explain” basis) only the names, amounts and breakdown of remuneration of each individual director and the CEO. The disclosure on the remuneration packages for the top five key management personnel would be in bands no wider than \$250,000 and in aggregate the total remuneration paid to the key management personnel.⁶⁹ Even for the remuneration packages for substantial shareholders or employees who are immediate family members of the relevant people,⁷⁰ disclosure is on a named basis in bands no wider than S\$100,000 and only if the remuneration exceeds S\$100,000.⁷¹

⁶⁶ Corporate Governance Committee, *Report of the Committee and Code of Corporate Governance*, 21 March 2001, para 34.

⁶⁷ Code of Corporate Governance 2018, Principle 8.

⁶⁸ Code of Corporate Governance 2012, Principle 7.

⁶⁹ Code of Corporate Governance 2018, Provision 8.1.

⁷⁰ CEO, director or substantial shareholders.

⁷¹ Code of Corporate Governance 2018, Provision 8.2. This was missing from the earlier editions of the Code.

This approach fell short of remuneration standards imposed by other leading Asian economies, such as Malaysia and Hong Kong.⁷² In addition, actual disclosure by the listed companies also paints a grim picture. The Singapore Directorship Report (SDR) 2021⁷³ shows that 54% of Singaporean listed companies in 2020 disclosed the remuneration of *all* directors only in bands and 7.8% made no disclosure at all. This marks little improvement over the SDR 2018 (when the 2012 Code was still relevant) which noted that 66.8% of companies made their remuneration disclosure in bands or made no disclosure.⁷⁴ Further, it is also observed that many companies that failed to comply with remuneration provisions have widely relied on unsatisfactory “boilerplate explanations” undermining the comply or explain regime.⁷⁵

On 11 January 2023, after a round of public consultation initiated by MAS, the Code was amended. The requirement for the disclosure of the remuneration packages for the CEO and the directors has now been moved from the Code to the SGX-LR. Beginning with the financial year ending on or after 31 December 2024, disclosure of the names, exact amounts and breakdown of remuneration paid to each individual director and the CEO by the issuer and its subsidiaries in the annual report is mandatory⁷⁶ and no longer on a comply-or-explain manner.

Matters of Accountability and Audit

On this front, the board’s role used to be merely to “present a balanced and understandable assessment of the company’s performance, position and prospects” and “ensuring management

⁷² These countries legislate and mandate the disclosure of remuneration of individual directors on listed companies. See Mak Yuen Teen, “Poor remuneration disclosure is no laughing matter” *Governance for Stakeholders*, 31 December 2021. The article can be accessed at <https://governanceforstakeholders.com/2021/12/31/poor-remuneration-disclosure-is-no-laughing-matter/>.

⁷³ This is an annual study conducted by the Singapore Institute of Directors.

⁷⁴ Mak Yuen Teen, “Poor remuneration disclosure is no laughing matter” *Governance for Stakeholders*, 31 December 2021. The article can be accessed at <https://governanceforstakeholders.com/2021/12/31/poor-remuneration-disclosure-is-no-laughing-matter/>.

⁷⁵ Mak Yuen Teen, “Poor remuneration disclosure is no laughing matter” *Governance for Stakeholders*, 31 December 2021. The article can be accessed at <https://governanceforstakeholders.com/2021/12/31/poor-remuneration-disclosure-is-no-laughing-matter/>.

⁷⁶ Rule 1207(10D) of the SGX Listing Rules (Mainboard)/ Rule 1204(10D) of the SGX Listing Rules (Catalist).

maintains a sound system of internal controls”.⁷⁷ Since the 2012 revision, the board is also tasked with the responsibility of risk governance.⁷⁸ To that end, the board is now required to comment on the adequacy and effectiveness of the company's internal controls and risk management systems, and to disclose in the company’s annual report the weaknesses of the systems, if any, and steps taken to address the weaknesses, with the concurrence of the Audit Committee.⁷⁹

Shareholder Rights and Engagement

The Code started with two short principles on communications with shareholders in 2001.⁸⁰ In 2012, with the global developments on shareholder stewardship by institutional investors and asset managers, the Code was revised to put more emphasis on shareholder rights and engagement. In particular, companies were encouraged to put all resolutions to vote by poll and make an announcement of the detailed results showing the number of votes cast for and against each resolution and the respective percentages.⁸¹ This was in contrast with the usual practice then of voting by show of hands. Also for the first time, companies were urged to keep a dividend policy and disclose it to the shareholders.⁸² Now, if the directors decide not to declare or recommend a dividend, it is mandatory for the directors to announce this together with the reason(s) for such decision.⁸³

Managing Stakeholder Relationships & Sustainability Disclosures

With the global movement towards the board adopting more of a stakeholder approach in its decision-making rather than the traditional shareholder-centric approach,⁸⁴ the Code in 2018

⁷⁷ Code of Corporate Governance 2001, Principles 10 and 11; Code of Corporate Governance 2005, Principles 10 and 11. and Code of Corporate Governance 2012, Principle 10.

⁷⁸ Code of Corporate Governance 2012, Principles 10 and 11; Code of Corporate Governance 2018, Principle 9.

⁷⁹ Rule 610(5) and Rule 719(1) of the SGX Listing Rules (Mainboard) / Rule 407(4)(b) and Rule 719(1) of the SGX Listing Rules (Catalist).

⁸⁰ Code of Corporate Governance 2001, Principles 14 and 15; Code of Corporate Governance 2005, Principles 14 and 15.

⁸¹ Code of Corporate Governance 2012, Guideline 16.5.

⁸² Code of Corporate Governance 2012, Guideline 15.5.

⁸³ Rule 704(24) SGX Listing Rules (Mainboard)/ Rule 704(23) of the SGX Listing Rules (Catalist); Code of Corporate Governance 2018, Provision 11.6.

⁸⁴ For the legal justifications for the board to adopt a stakeholder-approach in decision-making, see Luh Luh Lan and Heracleous Loizos, “Rethinking Agency Theory: the View from Law” (2010) 35(2) *Academy of Management Review* 294.

has adopted a new Principle 13 and accompanying Provisions for companies to consider and balance the needs and interests of material stakeholders. As the CGC noted in its public consultation paper,⁸⁵ this is in line with the G20/OECD Principles of Corporate Governance (2015) as well as the corporate governance codes in other jurisdictions, including Australia, South Africa and Malaysia, which have incorporated provisions for boards to consider stakeholders other than shareholders.

As this juncture, it is worthy to note that although the Code does not contain any principle or provisions on sustainability, SGX separately launched the sustainability reporting listing rules and the sustainability reporting guide in June 2016.⁸⁶ It is outside of the scope of this article to go into the details of the sustainability reporting guide. Suffice to say, the guidelines apply to listed companies on a 'comply or explain' basis from the financial year ending on, or after 31 December 2017, with reports to be published from 2018,⁸⁷ after which there is a phased approach to mandatory climate reporting depending on the industries based on the recommendations of the Task Force on Climate-related Financial Disclosures from the financial year ending on, or after 31 December 2022, with reports to be published from 2023.⁸⁸

Corporate Governance of Singapore Government-Linked Companies

In Singapore, the Government-Linked Companies (GLCs) play a huge role in the Singapore economy. The Singapore government serves as the ultimately controlling shareholder of these GLCs, through its holding company Temasek Holdings Pte Ltd. (Temasek) whose sole shareholder is the Ministry of Finance (MOF). As at 31 March 2019, Temasek has at least 25 listings on SGX, comprising 15 companies and 10 trusts with a combined market cap of more than S\$260 billion,⁸⁹ which is about 32% of the total market capitalization of SGX.⁹⁰ The rise

⁸⁵ Monetary Authority of Singapore, *Consultation Paper: Recommendations of the Corporate Governance Council, P002-2018*, January 2018, paras 7.1-7.3.

⁸⁶ Institute of Singapore Chartered Accountants, *Sustainability Reporting Implementation Roadmap*, September 2017. This document can be accessed at <https://isca.org.sg/media/2238512/isca-sustainability-report-implementation-roadmap.pdf>.

⁸⁷ Rules 711A and 711B and Practice Note 7.6 SGX Listing Rules (Mainboard)/ Rules & 11A and 711B and Practice Note 7F of the SGX Listing Rules (Catalist);

⁸⁸ SGX, *Sustainability Reporting* at <https://www.sgx.com/regulation/sustainability-reporting>.

⁸⁹ SGX My Gateway, *Highlights of Temasek's SGX-listed investment*, 24 September 2019. The article can be accessed at <https://sginvestors.io/sgx-mygateway/2019/09/highlights-of-temasek-sgx-listed-investments>.

⁹⁰ The total market capitalization of SGX as at August 2020 was about S\$815.46 billion – *SGX Monthly Market Statistics August 2020*. See <https://www.sgx.com/research-education/historical-data/market-statistics>.

of GLCs can be traced to Singapore's post-independence period in the late 1960s where the Singapore government was forced to participate in a variety of sectors in the economy by obtaining majority shareholding in various companies as Singapore had a "dearth of skilled entrepreneurs and lack of private capital".⁹¹ 57 years later, GLCs continue to be a pillar of Singapore economy with their vast and extensive local and international investment and operation portfolios.⁹²

The 2009-2022 Governance and Transparency Index suggests that GLCs consistently have better corporate governance practices compared to non-GLCs in all areas.⁹³ GLCs also enjoy considerable commercial success and on average have "provided superior returns on both assets and equity and are valued more highly than non-GLCs".⁹⁴ The unprecedented success of GLCs confounds the weight of the international evidence – that government ownership is generally inefficient compared to private ownership in terms of corporate economic performance.⁹⁵ We now briefly comment on the key features of Singapore's regulatory regime designed to address some of the common corporate governance issues faced by state owned enterprises – including undue political influence and/or the pursuit of political objectives over long-term shareholder value.

First, constitutional safeguards curtail the threat of MOF abusing its position as the sole shareholder of Temasek for the sake of non-commercial, political interests.⁹⁶ The creation of Temasek as a private company governed by the Companies Act 1967 allows the government to separate regulatory authority from state ownership. Crucially, Temasek is designated as a Fifth Schedule entity protected under the Singapore Constitution. Accordingly, MOF's right to

⁹¹ Dan W Puchniak and Luh Luh Lan, "Independent Directors in Singapore: Puzzling compliance requiring explanation", (2017) 65(2) *The American Journal of Comparative Law* 265, 306.

⁹² Grant Kirkpatrick, *Managing State assets to achieve developmental goals: The case of Singapore and other countries in the region*, (2014) OECD Workshop on State-Owned Enterprises in the Development Process.

⁹³ Isabel Sim, Steen Thomson, Gerard Yeong, *The State as Shareholder: The Case of Singapore*, (2014) Centre for Governance, Institutions & Organisations' Research Report, at page 8. See also the yearly reports on the Governance and Transparency Index (GTI) published by the NUS Business School Centre for Governance and Sustainability (formerly known as Centre for Governance, Institutions and Organisations). The GLCs always have better scores than those of the rest of the companies on the SGX.

⁹⁴ Tan Cheng Han, Dan W Puchniak and Umakanth Varottil, "State-Owned Enterprises in Singapore: Historical Insights into a potential model for reform", (2015) 28(2) *Columbia Journal of Asian Law* 61, 67.

⁹⁵ Isabel Sim, Steen Thomson, Gerard Yeong, *The State as Shareholder: The Case of Singapore*, (2014) Centre for Governance, Institutions & Organisations' Research Report, at page 12.

⁹⁶ Dan W Puchniak and Luh Luh Lan, "Independent Directors in Singapore: Puzzling compliance requiring explanation", (2017) 65(2) *The American Journal of Comparative Law* 265, 307.

appoint, terminate or renew board members is subject to the concurrence of the President of Singapore. The Minister of Finance himself or herself is not a member on the board of Temasek. Further, only current earnings from which the dividends are paid can be used for the budget of the country. Presidential approval is required before Temasek is allowed to draw down its past reserves. The viability of these safeguards is contingent on the President's independence from and power to veto the decisions of the MOF or the government. To an extent, the President's independence is cemented by how: (i) he/she is elected by Singaporeans every six years to oversee the management of national reserves, (ii) he/she sits apart from the government in a non-executive position and (iii) he/she is prohibited from being a member of any political party.⁹⁷

Second, the possibility of undue government influence on the management of GLCs is restricted primarily via the Temasek Charter, its public corporate governance policy statement, which prohibits Temasek's involvement in the management decisions of GLCs. Although the Charter is neither legally binding nor enforceable, it serves as a form of soft law, and if breached may impugn Temasek's reputation.⁹⁸ Further, to date there is "no proof that the government interferes in the management" of its GLCs to pursue political objectives. On the contrary, Singapore's regulatory bodies have treated GLCs as ordinary commercial entities subject to the rules and laws of Singapore and even imposed hefty fines on GLCs such as telecommunication company Singtel and DBS (Singapore's largest financial group) for breaches of regulatory requirements.⁹⁹

Third, to demonstrate its high standards of corporate governance, Temasek has since 2004 publicly published its annual group financial summary, audited statutory financial statements and portfolio performance. This is despite the fact that as an exempt private company, it is exempted under the Companies Act 1967 from filing its audited financials with

⁹⁷ Dan W Puchniak and Luh Luh Lan, "Independent Directors in Singapore: Puzzling compliance requiring explanation", (2017) 65(2) *The American Journal of Comparative Law* 265, 308.

⁹⁸ Dan W Puchniak and Luh Luh Lan, "Independent Directors in Singapore: Puzzling compliance requiring explanation", (2017) 65(2) *The American Journal of Comparative Law*, 265, 309.

⁹⁹ Christopher Chen, "Solving the Puzzle of Corporate Governance of State-Owned Enterprises: The Path of the Temasek Model in Singapore and Lessons for China", (2016) 36(2) *Northwestern Journal of International Law & Business* 303, 351-352.

the public registry. Temasek also issues bonds, consistently rated Aaa/AAA by Moody's and S&P, as public markers of its credit quality.¹⁰⁰

Future Directions and Conclusion

In the last 21 years since the first version of the Code was launched, Singapore's corporate governance framework has evolved over time to ensure that it remains effective and relevant, with supporting business growth and innovation as its chief objectives. Although there have been gaps along the way, the corporate governance benchmarks are constantly raised over the years. As pointed out by the CGC in its 2018 Consultation Paper,¹⁰¹ a balance has to be struck 'between the need to keep the Code progressive and on par with international developments, while tailoring it to Singapore's context and the profile of the listed companies in Singapore'.¹⁰² The idea of building and fostering a supportive corporate governance eco-system rather than merely suggesting amendments to the Code was thus a key concern of the CGC when it recommended the 2018 revisions.¹⁰³ The result was a leaner and more concise Code focusing on good corporate governance tenets with the important requirements or baseline market practices integrated to form the part of the mandatory listing rules. Although the Code still operates on 'comply-or-explain' regime, the key principles of good corporate governance are now mandatory and must be embraced and practised by all listed companies in Singapore. Moving forward, the broad principles of corporate governance are unlikely to change in the Code. What we can expect to see in the future would be a more refined and thoughtful series of suggestions of the applications of the principles through the issuance of the Provisions and Practice Guidance, especially in the areas of diversity¹⁰⁴ and remuneration disclosure¹⁰⁵ by the

¹⁰⁰ Temasek, General Bond FAQs, see <https://www.temasek.com.sg/en/about-us/faqs#why-temasek-issue-bonds>.

¹⁰¹ Corporate Governance Council, *Consultation Paper on Recommendations of the Corporate Governance 2018*, 16 January 2018.

¹⁰² Corporate Governance Council, *Consultation Paper on Recommendations of the Corporate Governance 2018*, 16 January 2018, para 2.5.

¹⁰³ Corporate Governance Council, *Consultation Paper on Recommendations of the Corporate Governance 2018*, 16 January 2018, para 2.5.

¹⁰⁴ On 25 March 2022, the CGAC through MAS issued an updated set of Practice Guidance on how company should not only publish a board diversity policy that minimally addresses gender, skills and experience. The Nominating Committee also has the responsibility to monitor the progress towards meeting the policy targets and keep the board updated. See commentary by Allen & Gledhill released on 28 April 2022: <https://www.allenandgledhill.com/sg/publication/articles/21622/mas-revises-practice-guidance-in-code-of-corporate-governance-to-provide-updated-guidance-on-board-diversity-policy>.

¹⁰⁵ On 27 October 2022, SGX RegCo released a public consultation paper proposing to amend the Listing Rules to impose a hard nine-year limit on the tenure of independent directors, removing the current two-tier voting rule. The SGX RegCo has also proposed mandatory disclosures of the actual amounts of the remuneration of

various regulatory authorities. Hopefully, all these improvements will be sufficient to help Singapore companies weather through the next global economic storm, when it arrives.

each listed company director and chief executive officer. See <https://www.sgx.com/regulation/public-consultations/20221027-consultation-paper-board-renewal-and-remuneration>.

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