

14 September 2020

Singapore Exchange Regulation
11 North Buona Vista Drive
#06-07 The Metropolis Tower 2
Singapore 138589

Attention: Listing Policy & Product Admission

Dear Sir,

RESPONSE TO CONSULTATION PAPER (CP) ON ENHANCEMENTS TO ENFORCEMENT AND WHISTLEBLOWING FRAMEWORKS

In preparation of this comment letter, the Institute of Singapore Chartered Accountants ("ISCA") has sought views on the above CP from members of the ISCA Corporate Finance Committee and ISCA Ethics Committee. We are responding to only Questions 5 and 6 of the CP.

Consultation Questions

Question 5: Issuers to Disclose Whistleblowing Practices

Do you agree that issuers should disclose how they have complied with best practices on whistleblowing? You may suggest additional best practices that may be appropriate.

Please select one option:

- Yes
 No

Please give reasons for your view:

We agree that issuers should disclose how they have complied with best practices on whistleblowing. Whistleblowing policies and practices are critical elements of the internal control system and corporate governance of issuers. The key elements of an effective whistleblowing framework should include:

- Reporting channels;
- Protection of whistleblowers including:
 - Ensuring confidentiality of the identity of whistleblowers
 - Assurance of non-reprisal for whistleblowing made in good faith

- Possible consequences of persons taking reprisal actions against whistleblowers;
- How reports are being dealt with and by whom;
- How whistleblowers will be kept apprised of the progress of investigations; and
- What are possible outcomes and how will they be communicated.

However, in our view there should be more guidance and rules surrounding the design of the whistleblower mechanism, including:

- (a) The issuer should publicize and provide easy access to whistleblowing policy and hotline, e.g. 24/7 online access; and
- (b) Reporting channels should be disclosed in annual reports and such channels should always be directed to only independent directors or a third party outsourced service provider(s) who has the responsibility to update the designated independent director(s).

The reasons for the above are that in practice, even when implemented, whistleblowing policies might not be easily accessible to third parties or even employees. Reporting channels to executive and management personnel or independent directors that are perceived to be close to the executive management would compromise effectiveness.

Additional Best Practices

1. Reporting channel for whistleblower to report anonymously

We note that SGX RegCo proposes to require issuers to ensure that the identities of whistleblowers are kept confidential. Though requiring the identities of whistleblowers may deter trivial reporting, such a requirement may also discourage whistleblower reporting in good faith due to fear of reprisal actions.

We wish to highlight that current technology allows for both anonymous reporting and two-way communication to be carried out, and for SGX RegCo to consider requiring issuers to provide an option for whistleblower to report anonymously as long as two-way communication is enabled for the whistle blower to provide further information for investigation.

2. Disclose commitment to timely investigations and more transparent reporting

We also like to suggest the following additional best practices for SGX RegCo's consideration:

- (a) The issuer to disclose its commitment to timely investigations of whistleblowing reports, including those reported anonymously; and

- (b) The issuer to consider more transparent reporting of cases involving persons above a certain level of seniority.

It is important that requiring disclosures of whistleblowing practices by issuers should not lead to boiler-plate disclosures. Rather, the disclosures should provide more information about the governance oversight of those charged with governance, including audit committees, how the issuer promotes a safe environment for whistleblowing including the corporate culture and tone at the top, as well as the board's assessment of the effectiveness of its whistleblowing practices.

Question 6: Exclusion of Liability of SGX RegCo

Do you agree with the scope of the exclusion of liability for SGX RegCo? Please state your reasons.

Please select one option:

Yes

No

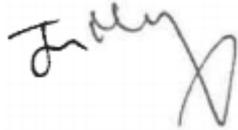
Please give reasons for your view:

Section 32(1) of the Securities and Futures Act ("SFA") provides that the Exchange is immune from criminal and civil liability for anything done (including any statement made) or omitted to be done with reasonable care and in good faith in the course of, or in connection with, the discharge or purported discharge of the obligations of the Exchange under the SFA or the Listing Rules.

We agree with the scope of the exclusion of liability for SGX RegCo with the understanding that immunity from criminal and civil liability is accorded by the SFA to SGX RegCo only for actions taken with reasonable care and in good faith.

Should you require any further clarification, please feel free to contact myself via email at jumay.lim@isca.org.sg.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Ju May', with a stylized flourish at the end.

Ms Ju May, LIM
Deputy Director
TECHNICAL: Financial & Corporate Reporting;
Ethics & Specialised Industries;
Audit & Assurance