



*Prime Minister
Singapore*

5 July 2005

PAP MPs

1. In April 2004, then Prime Minister Goh Chok Tong wrote to all PAP MPs, setting out guidelines on MPs' involvement in business. These covered MPs' acceptance of directorships, rules for keeping business and politics separate, and requirements for reporting to the Party Whip details on directorships and fees received.
2. The integrity and reputation of the PAP MPs and government is our most precious asset, which has been built up over half a century. If we lose this, we will lose the respect of voters and the confidence of investors, and Singapore will go down.
3. I am now issuing an updated and revised set of guidelines to all PAP MPs. They will help MPs who participate in business and take up company directorships to continue to conduct themselves appropriately and protect the party's reputation. MPs must embrace the substance and spirit of the guidelines, in order to continue to uphold the high standards which Singaporeans have come to associate with the PAP.

A handwritten signature in black ink, appearing to read 'Lee Hsien Loong'.

Lee Hsien Loong

Annexes:

- A: Revised Guidelines on MPs' Involvement in Business
- B: Schedule for Reporting Directorships

Revised Guidelines on MPs' Involvement in Business

ACCEPTING DIRECTORSHIPS

- 1 PAP MPs are often invited to serve on the Boards of private and publicly listed companies. This is a sign that the private sector values the individual MPs' contributions, as well as the Party's reputation for integrity and quality. The Party permits MPs to serve as Directors on company boards, provided they maintain high standards of conduct, and rigorously separate their private and public responsibilities.
- 2 The public will closely scrutinise MPs' involvement in private sector companies, because of their position as PAP MPs. MPs should conduct their business activities so as to bring credit to themselves and to the party. Adverse publicity on their performance as directors, or lapses in the companies they are associated with, will tarnish their reputation as MPs and lower the public's regard for the Party.
- 3 It is up to the MP himself to decide whether or not to accept a request to serve as Director. The Party will not vet or approve such decisions, as it is not in a position to do so.
- 4 However, MPs should not solicit for Directorships in any companies, so as not to appear to be exploiting their political position to benefit themselves.
- 5 MPs should also not serve on the boards of companies owned or chaired by grassroots leaders whom they have appointed, to avoid the perception that they are obligated to their own grassroots leaders.
- 6 An MP who accepts an invitation to serve as a Director should ensure that the company understands that he is doing so strictly in his private capacity, and will not use his public position to

champion the interests of the company, or lobby the government on its behalf. When in doubt on this count, he should decline.

- 7 Before accepting a Directorship, an MP should satisfy himself that the company is reputable, and that he is able to make a meaningful contribution. Specifically, just like anyone else contemplating a Directorship, he should ask himself:
- (1) How well does he know the company, its business strategy, financial status, shareholding structure and underlying industry?
 - (2) Does he know his fellow directors, the way the Board and its committees fulfil their responsibilities, the reporting structure between Board and Management and the relationship between shareholders and the company?
 - (3) Does he have sufficient industry, financial or professional expertise to fulfil his expected role and responsibilities as a Director? Does he know his obligations under the law and the Code of Corporate Governance? Will he be able to discharge his fiduciary duties properly and without fear or favour?
 - (4) Will he face any conflicts of interest, and if so can he manage them?

SEPARATING BUSINESS AND POLITICS

- 8 MPs must scrupulously segregate their public political position from their private business or professional interests. They must not exploit their public position as Government MPs, their contacts with the Ministers, or their access to government departments and civil servants, for their personal business interest or their employers' benefit. MPs who are in business or sit on company boards should be especially vigilant.
- 9 MPs employed by companies or industry associations may at times have to make public statements on behalf of their company or industry association. When they do so, they must make clear

that they are not speaking as MPs, but in their private, professional or business capacity.

- 10 MPs should not use Parliamentary questions and speeches as a means to lobby or create publicity for their businesses or seek information relating to the business of their companies. When MPs raise questions in Parliament related to their own businesses, they should declare their pecuniary interest in the issue.
- 11 MPs should be scrupulously proper in their contacts with government departments or public officers. When they have to make requests or appeals to ministries in the course of their business, they should put these down in writing.
- 12 MPs may, however, speak to Cabinet Ministers, who are their Parliamentary colleagues. Ministers will listen carefully to arguments on principles, especially when they relate to the general policy of their Ministries. But Ministers will not change individual acts of discretion, unless there are very good reasons for doing so which they can justify publicly. The Government must always base decisions on the merits of the issues, and cannot yield to pressure from interested parties.

REPORTING REQUIREMENTS

- 13 MPs should inform the Whip of all the Directorships that they hold, and of the director's fees which they receive. They should give the name of the company, the position held, the date of first appointment and the current Chairman of the Board.
- 14 MPs who have been appointed Directors of subsidiary companies by virtue of their employment in the main or holding company do not need to report such Directorships.
- 15 MPs should update the Whip whenever they relinquish a Directorship or accept a new appointment, within two weeks of such changes.
- 16 By 31 Jan each year, MPs should submit to the Whip a summary of their current Directorships and the fees received from all Directorships in the preceding year, using the schedule attached.
