ACCOUNTABILITY FOR A SUSTAINABLE FUTURE

Sustainability Reporting in Singapore among Singapore Exchange Mainboard Listed Companies 2013

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SINGAPORE COMPACT
CORPORATE SOCIAL RESPONSIBILITY

NUS National University of Singapore | NUS BUSINESS SCHOOL

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ABOUT SINGAPORE COMPACT FOR CORPORATE SOCIAL RESPONSIBILITY

Singapore Compact for Corporate Social Responsibility (Singapore Compact) was formed in 2005 to promote a holistic approach to achieve meaningful and sustainable benefits for businesses and stakeholders. Its mission is to broaden the base for collaboration between various CSR stakeholders in business, government and civil society to develop coordinated and effective strategies for the promotion of CSR in Singapore. This is done through outreach initiatives, sharing of best practices, research and studies of CSR practices in Singapore and CSR training seminars and workshops. Our end goal is to strengthen and grow Singapore's community of CSR advocates and practitioners.

In addition, as Singapore's focal point and network body for the United Nations Global Compact, a stakeholder of the Global Reporting Initiative and a participating organisation of the ASEAN CSR Network, Singapore Compact looks at bringing regional and global CSR initiatives to Singapore.

For more information, please visit www.csrsingapore.org

ABOUT NUS BUSINESS SCHOOL

The National University of Singapore (NUS) Business School is known for providing management thought leadership from an Asian perspective, enabling its students and corporate partners to leverage global knowledge and Asian insights.

The school has consistently received top rankings in the Asia-Pacific region by independent publications and agencies, such as The Financial Times, Economist Intelligence Unit, and QS Top MBA, in recognition of the quality of its programmes, faculty research and graduates. In the Financial Times Global Rankings, the NUS MBA is ranked 32nd in 2014, while the UCLA – NUS Executive MBA and Asia-Pacific Executive MBA were ranked 5th and 17th respectively in 2013.

In the biannual Forbes rankings for two-year MBA programmes, NUS Business School was ranked top in Singapore and Asia in 2013, and second among business schools outside the United States. The Quacquarelli Symonds (QS) has also ranked the school 12th in the world for accounting and finance.

The school is accredited by AACSB International (Association to Advance Collegiate Schools of Business) and EQUIS (European Quality Improvement System), endorsements that the school has met the highest standards for business education. The school is also a member of the GMAC Council, Executive MBA Council, Partnership in Management (PIM) and CEMS (Community of European Management Schools).

For more information, please visit bschool.nus.edu.sg.

EXECUTIVE SUMMARY

Singapore Compact and the NUS Business School conducted a study on the sustainability communication of 537 companies listed on the Singapore Exchange in 2013 and found that:

160
companies communicated sustainability

Driven mainly by companies in these three sectors

COMMERCE	MANUFACTURING	SERVICES
22 (2013)	42 (2013)	24 (2013)
6 (2011)	21 (2011)	6 (2011)

However, these sectors also had the largest number of companies not communicating sustainability

67 (2013)
20 (2011)

Big jump in small market capitalisation companies communicating sustainability

141 (2013)
66 (2011)

More companies including sustainability information in annual reports

19
companies used Global Reporting Initiative (GRI) framework to produce sustainability reports

16
submitted reports to GRI for application checks

8
sustainability reports were externally assured

18
companies provided substantial disclosure on issues that are material to their companies

26

Mainboard listed 'blue chip' companies that communicated sustainability

14

gave in-depth information and used internationally recognised frameworks for their sustainability reports

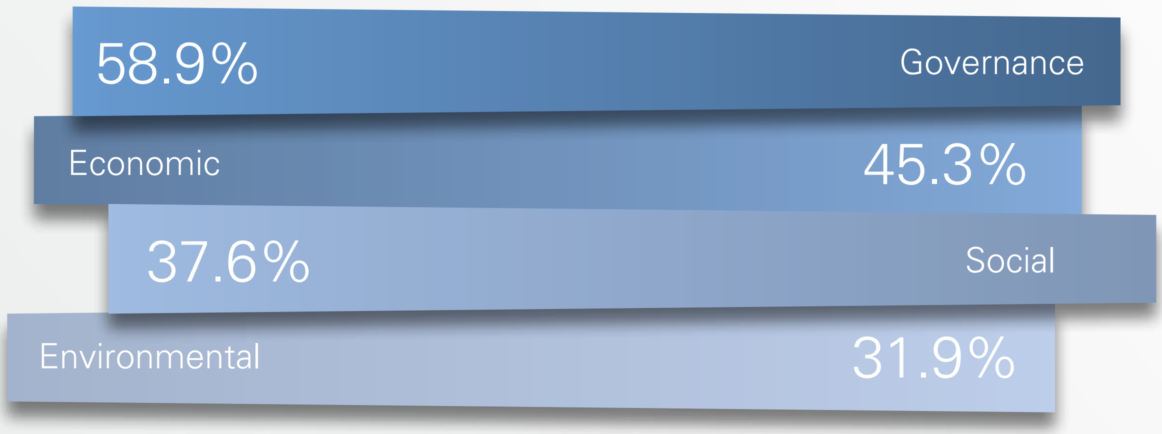
137

companies in 10 'high impact' sectors identified by SGX of which

44

communicated their sustainability efforts

Companies disclosed the least information on their environmental impact



GOVERNANCE
- Corporate governance
- Governance procedures
- Anti-corruption
- Stakeholder engagement & inclusiveness

ECONOMIC
- Value generated
- Value & supply chain
- Climate change implication
- Investment in beneficial non-core business infrastructure
- Risk management

SOCIAL
- Diversity
- Equal opportunity
- Labour/migrant relations
- Occupational health & safety
- Training & education
- Human rights
- Philanthropy & charitable contributions
- Community involvement
- Product responsibility

ENVIRONMENTAL
- Energy, water & waste management
- Greenhouse gases
- Biodiversity
- Compliance, product & service stewardship

INTRODUCTION

The French author and philosopher Albert Camus once said:
"You cannot create experience. You must undergo it."

The same can be said about companies that pursue sustainability: only those who practice and implement sustainability are able to share their experience and communicate the results of their efforts. A company cannot begin to communicate its corporate social responsibility (CSR) and sustainability efforts without first initiating and integrating CSR into its business philosophy and model. Companies that have begun embedding CSR policies and strategies into their businesses communicate their efforts as well as their CSR targets with their stakeholders, as a way of keeping accountability and transparency in its long-term sustainability commitment to the communities, which they operate in. This is known as sustainability reporting.

Sustainability Reporting and its Benefits

The practice of sustainability reporting offers numerous benefits for companies. The preparation of sustainability reports warrants a review of internal systems, which allows companies to identify inefficiencies and enact improvements in decision-making and operational processes. The assessment of non-financial performance also aids in the firm's compliance with legal and regulatory requirements, reducing the potential of hefty financial penalties and fines that result from non-compliance. In the short term, companies benefit from increased efficiency and cost reductions.

Sustainability reporting also allows firms to gain an in-depth understanding of their exposure to social and environmental risks and opportunities. Actions can then be taken to reap opportunities and mitigate risks, resulting in companies being better equipped to face future challenges. Furthermore, the production of sustainability reports drives firms to formulate long-term strategic visions and in turn, resilient business models.

The provision of disclosure on non-financial performance indeed demonstrates corporate transparency and accountability to stakeholders. Sustainability reports thus serve as tools for companies to strengthen relationships and generate trust with stakeholders.

In essence, sustainability reports can be a source of competitive advantage for companies. Firms engaging in sustainability reporting may be regarded as leaders in their field, possessing a stronger bargaining position in the penetration of new markets, when compared to competitors without.

Study on the State of Sustainability Reporting in Singapore

It is with these benefits in mind that Singapore Compact for Corporate Social Responsibility (Singapore Compact), in collaboration with the National University of Singapore (NUS) Business School, began this research study in mid-2013, to find out the state of sustainability reporting among companies listed on the Mainboard of the Singapore Exchange (SGX). Having an understanding of the rate of reporting and the comprehensiveness of information shared will give us a sense of where local CSR trends are headed, what can be done to increase the rate of CSR and sustainability adoption as well as the communication of such efforts. This research study is a follow up to a similar study conducted by Singapore Compact in 2011, which provided the first-ever perspective on the sustainability reporting landscape in Singapore.

In the previous study conducted by Singapore Compact on sustainability reporting in Singapore in 2010-2011, it was found that 79 companies out of a global sample size of 562 companies listed on the SGX Mainboard provided some form of corporate communications on their sustainability efforts. Out of these, 10 companies used the framework by the Global Reporting Initiative (GRI), currently the most established and recognised sustainability reporting framework in the world.

The Agriculture and Transport, Storage & Communications sectors showed the highest rates of reporting, although the property developers led the way in terms of recognising reporting practices. Meanwhile, the Services and Construction sectors demonstrated the lowest rate of reporting. Across the five indicator groupings of governance, environment, labour rights & practices, economic and community & society, the greatest depth of reporting was seen in Governance disclosures, while the Environment and Labour indicators had the least depth of reporting. Companies that provided greater levels of disclosure tended to adopt internationally established reporting frameworks, such as the GRI, when communicating their sustainability practices.

OBJECTIVE OF CURRENT STUDY

The reporting landscape has changed both locally and globally, in three years. The practices of non-financial reporting around the world have grown. Based on the GRI's data, between 2010 and 2011 there has been an 11.5% increase in companies producing non-financial reports[1], and this pool continues to expand. KPMG's survey of corporate responsibility reporting found that from 2011 to 2013, there was an increase of 7% in reporting rate globally, with Asia witnessing the most dramatic rate of increase, from 49% in 2011 to 71% in 2013[2].

In June 2011 the SGX released the "Guidelines for Sustainability Reporting" which provides a progressive approach to guide listed companies in formulating their sustainability reporting frameworks, with key references made to the GRI framework. In addition, the Monetary Authority of Singapore (MAS) issued a revised Code of Corporate Governance in May 2012, replacing an earlier Code from 2005. In this revised Code, the responsibility of the boards of listed companies was broadened to incorporate sustainability and ethical guidance into company processes and management systems.

Against this backdrop, this new study by Singapore Compact and the NUS Business School attempts to look into the comprehensiveness and depth of non-financial information disclosed by listed companies in Singapore, in order to answer the questions: what has changed since the last study? Have changes in corporate governance codes and "soft regulation" in the form of SGX's sustainability guidelines encouraged more companies to disclose sustainability information? Are companies more comprehensive in the depth of information disclosed? The study assessed whether companies that communicate their sustainability efforts satisfy the guidelines laid out by SGX as well as GRI's G3.1 guidelines, highlight observations of specific industrial sector groupings and recommend the direction that Singapore's sustainability reporting landscape can take, moving forward.

1 GRI annual report 2011/2012
2 KPMG Survey of Corporate Responsibility Reporting 2013

SCOPE OF STUDY

The sample size for this study involves 537 companies listed on the Mainboard of SGX as of 31 December 2013. Companies in the secondary listings and/or those suspended from trading, funds and business trusts were excluded from the study.

		No. of Companies
Listed on SGX Mainboard as at 31 Dec 2013		592
Excluded	Secondary listings	30
	Suspended	23
	Secondary listings and suspended	2
Total Sample Size (companies considered for study)		537

Table 1: Sample size of research

The companies are grouped into the following 12 sectors using the SGX Sector Classification (SSIC Standard):

SGX Mainboard Listed Companies in Research Study (as of 31 Dec 2013)

1. Agriculture (AGR) (8 companies)
2. Commerce (COM) (76 companies)
3. Construction (CONS) (33 companies)
4. Electricity, Gas and Water (EGW) (1 company)
5. Finance (FIN) (24 companies)
6. Hotels/Restaurants (HOTELS) (12 companies)
7. Manufacturing (MFG) (198 companies)
8. Mining & Quarrying (MINQ) (2 companies)
9. Multi-Industry (MULTI) (14 companies)
10. Property (PROP) (39 companies)
11. Services (SERV) (95 companies)
12. Transport, Storage & Communications (TSC) (35 companies)

Table 2: SGX Mainboard listed companies in research study by industry sectors

DEFINITION AND ASSUMPTIONS

For the purpose of the study, 'sustainability reporting' is defined as the voluntary disclosure of non-financial information provided by a company, communicated to stakeholders. This non-financial information includes the governance, economic, environmental and social aspects of its business. In the case of this study, a company must provide information at least in the environmental or social aspects of its business to constitute having communicated its sustainability efforts. The provision of information on governance and economic aspects will not qualify as sustainability reporting, as publicly-listed companies in Singapore are mandated to provide such disclosure under the SGX listing rules.

The non-financial information may be presented in a combination of: standalone sustainability report, a section embedded within the annual report and/or information on the company's corporate website. These communication mediums should be publicly available and readily accessible to all stakeholders. The information provided should have a clear reporting timeframe within the stipulated period, to constitute sustainability reporting. The requirement for a stipulated reporting timeframe is to ensure that companies are truly implementing the sustainability activities that they are reporting on. Companies that include overly generic information of CSR or sustainability, without listing a specific time frame, are not considered as having adequately communicated their sustainability efforts. The duration of the study covers public information provided by companies up to 31 December 2013.

The study assesses the rate of reporting and the level of disclosure provided by companies, about their sustainability practices. It does not seek to evaluate the companies' actual sustainability activities and performance, although it is assumed that a company's actual sustainable business practices are reflected through its sustainability reports and communications.

The companies assessed are classified according to small, medium or large market capitalisations. The market capitalisation of a small company is defined as less than S$300 million, while between the range of S$300 million and S$1 billion represents a medium company and over S$1 billion represents a large company. This convention allows for comparability with the data from the inaugural study in 2011.

METHODOLOGY

Two main assessment methodologies based on the SGX Guide to Sustainability Reporting and the GRI G3.1 Guidelines were jointly formulated by Singapore Compact and the NUS Business School.

Assessing Level of Disclosure Referencing GRI G3 Guidelines

The GRI is a widely prevalent and established framework employed by leading global multinationals across various countries and continents. The GRI guidelines provide a holistic and comprehensive assessment of sustainability issues including those related to supply chain management and human rights.

The methodology for the study is derived from the G3.1 guidelines, which are currently being used by most companies that produce their reports using the GRI framework. This methodology serves as a rigorous global standard in assessing the SGX Mainboard listed companies.

The extensive GRI assessment framework was condensed to 24 criteria, which were in turn grouped into the following indicators: (1) Governance, (2) Economic, (3) Environmental, and (4) Social. The groupings are slightly different from the previous study, which measured companies based on the five groups of indicators: governance, environment, labour rights & practices, economic and community & society. In the latest study, we have subsumed the indicator on 'labour rights & practices' under 'social' to be in line with GRI's categorisation of social indicators.

The depth of disclosure was analysed through the assignment of scores ranging from 1 to 5 for each criterion. One point was awarded if there was no information provided or specified for the particular criterion, while five points were awarded if detailed information substantiated with measurements were furnished. The total score under each indicator was then converted to a relative score out of 5, in order to assign equal weight to each of the four indicators. The maximum score that a company could obtain was determined to be 20. The scores in percentage terms obtained will reflect the level of disclosure to the areas of assessment in this methodology.

The percentage scores for each company were also aggregated to compute the sector average, in order to facilitate inter-sector comparisons. It is noted that scoring method is a quantitative means employed to gauge the comprehensiveness of information disclosed by a company, and does not represent the sustainability performance of the company.

Assessing Level of Disclosure Referencing SGX Guide to Sustainability Reporting

The SGX Guide to Sustainability Reporting was conceived to address the concerns companies in Singapore had, with communicating their sustainability efforts to their stakeholders. The SGX guide, which references international sustainability reporting standards such as the GRI and ISO 26000 Guidance on Social Responsibility, provides direction on reporting social and environmental issues, going beyond the mandatory governance disclosures under the Code of Corporate Governance. It is regarded as a significant stride towards greater commitments to sustainability as an operating principle among listed companies in Singapore and plays a pivotal role in encouraging more listed companies to report sustainable business practices. In light of this, our methodology derived from the SGX Guide to Sustainability Reporting serves as a local baseline in the assessment of the Mainboard listed companies.

From the SGX Guide to Sustainability Reporting, a coding manual was derived to determine the level of disclosure on the guidelines. Companies were assessed on four broad indicators (1) Foundational Principles, (2) General, (3) Environmental, and (4) Social.

Companies were graded on a 0-1 scale for each subsection assessment criterion. No point was awarded if there was no information provided or specified for the particular criterion, while one point was awarded if any relevant information was disclosed. These points were then aggregated to a maximum score of 17 and subsequently converted into percentage terms. The percentage scores obtained will reflect the level of disclosure on the areas of assessment in this methodology.

For more information about the methodology, please refer to:
www.csrsingapore.org/c/resources/publications.

GENERAL FINDINGS

- Two-fold increase in number of companies communicating their sustainability efforts
- Largest number of companies not communicating sustainability from Manufacturing, Services and Commerce sectors, and low market capitalisation companies

Sustainability Communication of SGX Mainboard Listed Companies

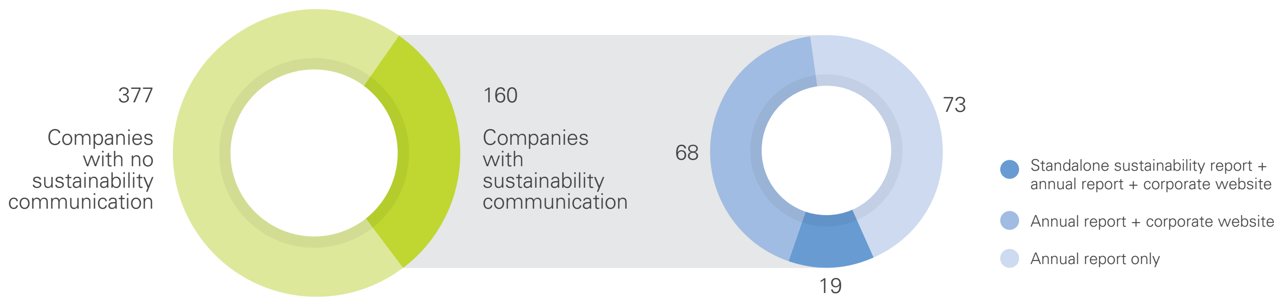


Figure 1: Sustainability communication of SGX Mainboard listed companies

	Year		
	2013	**2011**	**2009**
No. of companies with some form of communications on sustainability efforts	160	79	64

Table 3: Comparison of number of companies communicating sustainability in 2009, 2011 and 2013

Out of the 537 companies assessed, 160 companies or 29.7% communicated their sustainable business practices. This represented a two-fold increase from the 79 companies in 2011 that were found to be communicating their sustainability efforts. 19 of them producing standalone sustainability reports, as well as making information available in their annual reports and corporate websites, while 68 companies have information available in their annual reports and corporate websites. The majority (73 companies) has a section within their annual reports, reporting their sustainability efforts. This could be due to companies new to communicating sustainability practices that may not possess sufficient financial and/ or non-financial resources to provide more comprehensive disclosures for a full, standalone sustainability report. It could also imply that these companies regard sustainability disclosures as part of their companies' overall performance.

- Greater adoption of GRI and other internationally recognised frameworks when producing sustainability reports
- More application checks for GRI-based reports; more reports externally assured

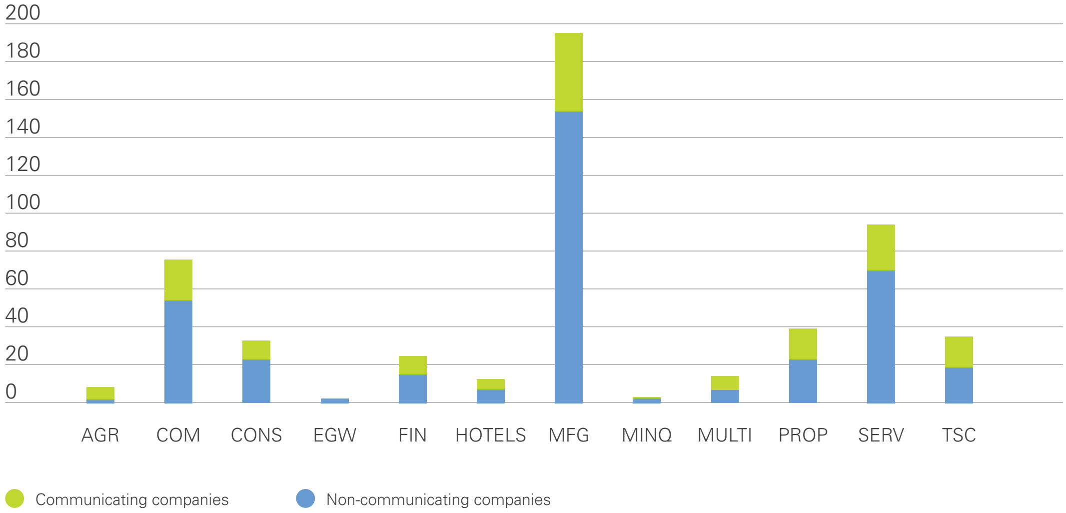
The number of companies adopting the GRI framework to produce their sustainability reports rose from 10 in 2011 to 19 companies in 2013. Of these, 13 were published as standalone sustainability reports while six GRI-based sustainability reports were incorporated into the companies' annual reports. Also, more companies submitted their GRI-based reports for GRI application checks – from 4 companies in 2011 to 16 companies in 2013. These application checks serve to ensure the completeness, accuracy of the reported information, and provide ease of navigation and reference for report users.

Companies that produced standalone sustainability reports tend to reference established reporting frameworks. In addition to the GRI framework, several companies had made references to multiple globally-recognised frameworks such as the United Nations Global Compact, the Roundtable on Sustainable Palm Oil or AA1000 accounting standards. Four companies did not follow any international frameworks when producing standalone sustainability reports.

The number of companies seeking external assurance for their sustainability information also increased, from 6 in 2011 to 8 in 2013. This result is encouraging, as the practice of audit checks for non-financial disclosures is not mandatory and a relatively new development in the sustainability reporting landscape.

The increase in number of communicating companies was primarily driven by a higher rate of reporting from companies in the Commerce, Manufacturing and Services sectors. However, it is also noted that the 377 non-communicating companies largely comes from the Manufacturing, Services and Commerce sectors.

Communication on Sustainability Efforts by Industry



Number of companies communicating sustainability efforts	2011	2013
AGR	5	7
COM	6	22
CONS	2	10
EGW	0	0
FIN	5	9
HOTELS	4	5
MFG	21	42
MINQ	1	1
MULTI	6	8
PROP	7	16
SERV	6	24
TSC	16	16

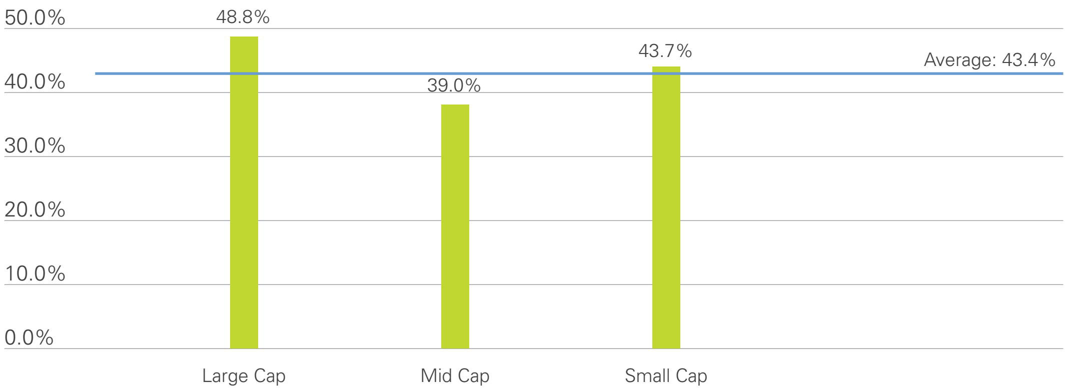
Figure 2: Communication on sustainability efforts by industry

The Agriculture sector had the highest rate of reporting at 87.5%. Of the eight companies in the sector trading actively on the SGX Mainboard as at 31 December 2013, all but one communicated their business sustainability practices. In contrast, the Electricity, Gas & Water sector had the lowest rate of reporting at 0%, as the sole company in the sector did not publish any information on its sustainable business practices.

Of the 160 reports, more than a quarter were from companies in the Manufacturing sector, making the sector the largest contributor. On the other hand, despite a high rate of reporting at 50.0%, only one company out of two in the Mining and Quarrying sector provided some information regarding its business sustainability.

The 160 companies communicating their sustainability efforts are almost evenly spread by market capitalisation, with the increase rate of reporting from 2011 driven mostly by companies with small market capitalisation. This demonstrates that the size of an organisation does not appear to be a factor limiting companies from communicating their sustainability activities to stakeholders and, by inference, engaging in sustainability. However, large market capitalisation companies demonstrated the highest level of information disclosure, implying that resources may be needed to manage and collate the amount of information required to communicate sustainability in a comprehensive manner.

Level of Disclosure by Market Capitalisation



Number of companies communicating sustainability efforts	2011	2013
Large Cap	47	67
Mid Cap	12	40
Small Cap	20	53

Figure 3: Level of sustainability disclosure by market capitalisation

FINDINGS OF GRI G3 GUIDELINES

Based on the assessment of 160 companies using the GRI G3 guidelines, the Multi-Industry, Hotels/Restaurants and Transport, Storage & Communications sectors demonstrated the highest level of disclosure across all the Governance, Economic, Environmental and Social indicators, at 47.5%, 47.3% and 46.4% respectively. This compared to the average of 43.4%. In comparison, the Construction and Manufacturing sectors showed the lowest levels of disclosure at 38.7% and 40.3%, substantially below average.

Overall Level of Disclosure (%) by Sectors

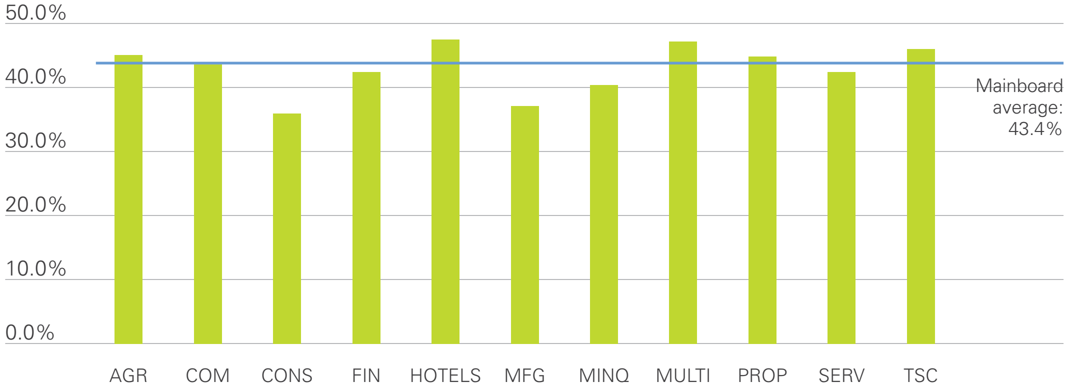


Figure 4: Overall level of sustainability disclosure by sector

Generally, companies that communicated showed the highest level of disclosure for Governance indicators (at 58.9%). This would be due to the mandatory nature of the Code of Corporate Governance in Singapore. Information on environmental indicators were the least disclosed, at 31.9%.

Governance Indicators

	Level of Disclosure
Governance	58.9%
Gov 1: Code of Corporate Governance	84.9%
Gov 2: Governance Procedures disclosed	54.0%
Gov 3: Anti-corruption	48.6%
Gov 4: Stakeholder Engagement and Inclusiveness	48.0%

Table 4: Level of disclosure for governance indicators

The 160 companies that communicated sustainability had a high level of disclosure for most of the indicators under the 2012 Code of Corporate Governance. In particular, companies provided detailed communications on Principle 12 of the Code, which outlined the composition and activities of the audit committee. This indicates the strong stance that companies have towards checks and balances on the operations of the company.

In comparison, companies had significantly lower levels of disclosure on Principle 14 of the Code pertaining to shareholder rights. A majority of companies observed in the study were still utilising the 2005 Code of Corporate Governance. The period of assessment of this study coincided with the period of transition for companies moving from the 2005 Code to the 2012 Code, which took effect on 1 November 2012. Hence, only a small number of companies had based their disclosure on the 2012 Code, which classifies shareholder rights as a separate, standalone principle.

For the remaining Governance indicators, the highest level of disclosure was observed for anti-corruption and whistle-blowing policies, due to its inclusion as a mandatory disclosure under Principle 12, Audit Committee in the MAS Code of Corporate Governance. On the other hand, companies exhibited low levels of disclosure on the Board's responsibility for sustainability issues. This demonstrates that sustainability concerns are still not perceived as being integral to business operations. However, this is likely to change following adoption of the revised 2012 Code of Corporate Governance, which encourages companies to incorporate sustainability issues in strategic formation.

Governance Indicators - Level of Disclosure by Sector

Figure 5: Level of disclosure of governance indicators by sector

Observing Governance disclosures across sectors, the Commerce, Finance, Transport, Storage and Communications sectors showed the highest level of disclosure at 64.6%, 64.4% and 63.0% respectively. These were substantially above the Mainboard-average level of disclosure, at 58.9%. In comparison, the Mining and Quarrying sector had the lowest level of disclosure at 43.9% substantially lower than the average. However it is noted that only one company in the Mining and Quarrying sector communicated its sustainable business practices, hence the small sample size does not provide any meaningful interpretation. The Manufacturing sector had the second lowest level of disclosure for the Governance indicators, at 53.8%, followed by the Construction sector at 55.0%. Given that the two sectors combined make up 43.0% of the entire sample size of this study, there is cause for concern with the low level of Governance disclosure from the 52 companies in these two sectors that reported their sustainability efforts.

Economic Indicators

	Level of Disclosure
Economics	45.3%
Econ 1: Economic Value Generated	100.0%
Econ 2: Value and Supply Chain (services and goods)	28.0%
Econ 3: Climate Change-implications, risks, opportunities	24.0%
Econ 4: Investment in non-core business infrastructure that benefits the public	42.5%
Econ 5: Risk Management	31.9%

Table 5: Level of disclosure for economic indicators

All companies that communicated their sustainable business activities had full disclosures on economic value generated. However, companies failed to sufficiently address the impact of climate change on business operations. While there has been increased recognition for corporate responsibility in combating climate change, this remains detached from measurable economic and financial implications. This is reflected by the low disclosure on climate change-implications, risks, opportunities (24.0%), which is substantially below the average of 45.3% for economic indicators.

Economic Indicators - Level of Disclosure by Sector

Figure 6: Level of disclosure of economic indicators by sector

The Hotels/Restaurants sector had the highest level of disclosure for the economic indicators, at 56.8%. In comparison, the Construction sector had the lowest level of disclosure at 37.6%, which is below the average.

Environmental Indicators

	Level of Disclosure
Environmental	31.9%
Env 1: Energy Management	34.9%
Env 2: Water Management	30.6%
Env 3: Waste Management	34.4%
Env 4: Greenhouses Gases (GHG) / Carbon Emission	31.4%
Env 5: Biodiversity (ecosystems and balance of species)	26.8%
Env 6: Compliance (fire spills, related sanctions/fines/penalties)	25.8%
Env 7: Product and Service Stewardship	39.8%

Table 6: Level of disclosure for environmental indicators

Among the environmental indicators, the 160 companies had the highest levels of disclosure on product and service stewardship (39.8%). It was observed that a number of companies endeavoured to employ eco-friendly designs for their products and packaging. The lowest level of environmental disclosure was on compliance, penalties and corresponding remediation measures (25.8%). This could be attributed to two reasons: first, companies with no history of sanctions and fines may not see the need to provide a nil disclosure. Second, companies might be hesitant to report issues that may negatively affect their image and reputation.

Environmental Indicators - Level of Disclosure by Sector

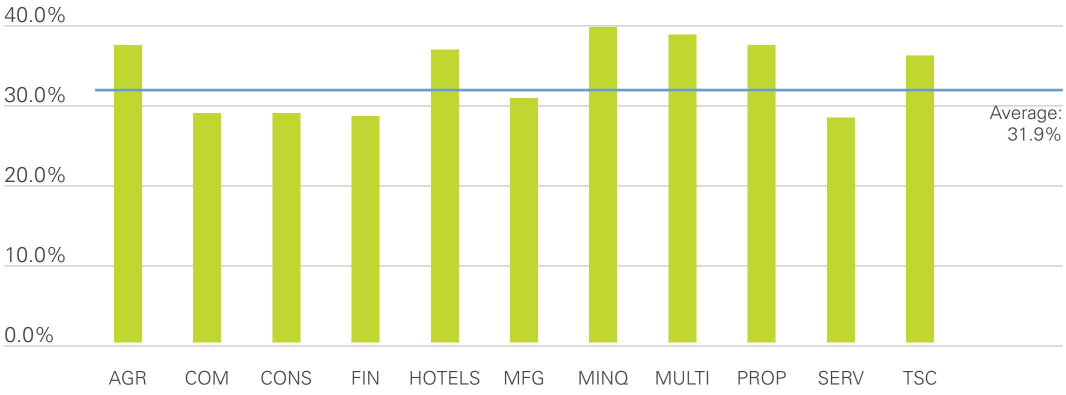


Figure 7: Level of disclosure of environmental indicators by sector

The Mining and Quarrying sector had the highest level of disclosure on environmental indicators, at 40.0%. However, there was only one company in the sector that communicated its sustainability practices. The Multi-Industry sector emerged with the second highest level of disclosure, at 38.9%. In comparison, the Commerce, Finance and Services sectors had the lowest levels of disclosure at 28.4%, 28.3% and 28.0% respectively. This is substantially below the average for environmental indicators at 31.9%, and could be due to the seemingly indirect link between the sectors' businesses and the environment.

Social Indicators

	Level of Disclosure
Social	37.6%
Socl 1: Diversity and equal opportunity	29.4%
Soc 2: Labour/Migrant relations& industrial relations/unionisation	32.1%
Soc 3: Occupational Health and Safety	43.1%
Soc 4: Training and Education	41.0%
Soc 5: Human Rights	25.5%
Soc 6: Community Involvement	29.4%
Soc 7: Product Responsibility	37.3%
Soc 8: Philanthropy and Charitable Contributions	63.0%

Table 7: Level of disclosure for social indicators

Companies showed the highest level of disclosure on the sub-indicators regarding philanthropy and charitable contributions at 63.0% – far above the social indicators' average of 37.6%. Such discretionary contributions are conventional means through which companies give back to society. Occupational health and safety indicators bore the second highest levels of disclosure at 43.1%, possibly the result of Workplace Safety and Health Act and efforts by the regulatory authority to inculcate measures at the workplace. The lowest level of disclosure was observed for the sub-indicators on human rights, at 25.5% – far below the average.

Social Indicators - Level of Disclosure by Sector

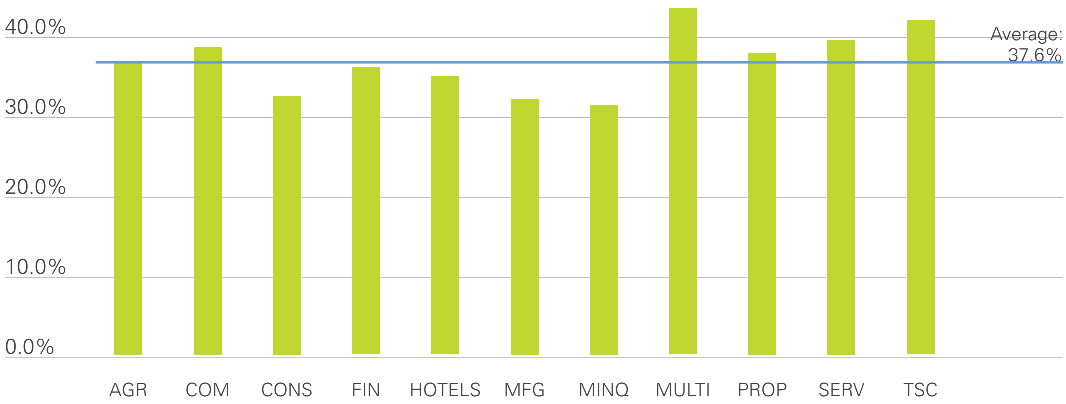


Figure 8: Level of disclosure of social indicators by sector

The Multi-Industry sector had the highest level of disclosure for social indicators, at 43.1%. This is followed by the Transport, Storage & Communications sector, at 42.3% and Services sector, at 40.1%. In comparison, the Manufacturing and Mining & Quarrying sectors had the lowest levels of disclosure, at 33.5% and 32.5%, substantially below the average for social indicators, at 37.6%.

Here are some key observations for each sector:

Agriculture: The industry has seen a vast improvement in the number of companies communicating sustainability, from just 1 in 2011 to 7 (out of 8) companies in 2013. The level of disclosure for many indicators is well above the Mainboard average. The key drivers for this improvement are likely the need for greater transparency due to external pressures from its business operations. The industry could consider incremental improvements in the disclosure of governance indicators, such as governance procedures, stakeholder engagement and inclusiveness.

Commerce: The industry saw a vast increase in the number of companies communicating sustainability – a near four-fold increase from 6 in 2011 to 22 in 2013. Like the Services industry, the Commerce industry's 28.9% communications rate can be improved upon, but it has done relatively well in disclosures related to the Governance, Economic and Social indicators. The Commerce industry could improve its level of disclosure in Environmental indicators. This is particularly important, given the long supply chains in today's business models from manufacturers, assembling companies, transportation service providers, retailers, wholesale operators and recyclers. Companies able to track and demonstrate a reduction in negative environmental impact in the supply chain show product stewardship, which could be a competitive business advantage.

Construction: The industry saw a vast improvement in the number of companies communicating sustainability – a five-fold increase from 2 in 2011, to 10 today. This is encouraging, even though it is observed that the level of disclosure is generally below the Mainboard average across all indicators.

Having more companies disclosing sustainability also means a greater awareness of the areas of improvement for the industry, creating more potential for future development. Given the high impact of construction work on the environment and the community, its high employment of migrant workers and its concerns on improving productivity, the industry would do well to look into communicating the environmental, social and economic aspects of its operations.

Finance: The industry fared well at the level of disclosure on Governance indicators but was below Mainboard average on the Environmental and Social indicators. At first glance, Finance companies do not seem to have a direct impact on the environment, apart from their own waste disposal and usage of water and energy; in fact, they play an important function in the sustainability ecosystem. For example, greater ownership on the environmental impact of its investment portfolios and putting policies in place to screen the environmental policies and procedures of clients' application, thereby effectively incentivising their clients to address environmental issues better, creating larger value in preserving the environment.

While Finance sector companies are known for their high-profile philanthropic activities, there are two areas of concern within the Social indicators, that finance companies may do well to pay closer attention to: the health and safety of employees and product responsibility. Highly pressurised, competitive environments and frequent overtime hours are common traits of working life in the Finance sector. Finance companies could pay closer attention to the physical and mental well-being of their employees and communicate such efforts to differentiate themselves as employers of choice. As for product responsibility, finance companies could also benefit from providing more transparency in the structuring of products and communicating product risks to customers.

Hotels/Restaurants: Disclosures made on Governance, Economic and Environmental indicators by players in this sector were above the Mainboard average. However, disclosure on Social indicators was below Mainboard average, especially in the areas of diversity, equal opportunity, migrant worker relations and human rights. As an industry that employs workers from diverse cultures and backgrounds to serve the needs of its customers, it is advantageous for companies in the Hotels/Restaurants sector to track and measure its efforts in this area.

Manufacturing: Although it is commendable that the number of companies within this sector which communicate sustainability have doubled, from 21 in 2011 to 42 in 2013, the level of disclosure across all indicators are substantially below the Mainboard average. The sector demonstrated a good level of disclosure in the sub-indicators of waste management and training & education of employees – around half of the 42 companies that were communicating their sustainability fared well in these areas, which are relevant to the industry. However, players in the sector are not disclosing enough information on issues related to climate change implication and human rights. Given that this sector employs a large number of workers along its supply chain and its activities can have major impact on the environment, much needs to be done to improve its transparency in these aspects.

Mining & Quarrying: The sustainability reporting data collected from this study may not be reflective of the industry, due to the sole reporting company, but there are some observations that can be noted for future reporting companies in the extractive industries. There is a need for greater levels of disclosure on the governance and social indicators, which encourages transparency and the building of trust with stakeholders such as the communities that they operate in and external pressure groups. It may be worthwhile to extract learning points from the agriculture sector, which faces similar issues.

Multi-Industry: The sector demonstrated the best disclosure among all 12 industry sectors, with above-average disclosures across all indicators, especially on environmental and social disclosures. The industry is also strong in its disclosure related to anti-corruption, most likely due to the diverse nature of businesses that multi-industry companies are involved in. While multi-industry companies are on par in its disclosure on economic indicators and showed a high level of disclosure on the value and supply chain sub-indicators, it could improve on its communications related to the risks, opportunities and implications on climate change and investment in non-core business infrastructure that benefits the public. This is especially important given that many multi-industry companies operate in different communities around the world. Another area that the industry can demonstrate greater transparency in order to manage its risks is in the area of product responsibility, where disclosure is low, compared to other social sub-indicators.

Property: The industry has been a big player in sustainability reporting, with three major players noted for their reporting standards – the use of GRI framework, GRI checks and external assurance of their reports. The 2013 study showed an improvement in the number of companies communicating sustainability – just over double, from 7 in 2011 to 16 in 2013. This is commendable. The level of disclosure for all indicators is same or similar to the Mainboard average. To further improve its sustainability communication, industry players could work on going above current practices. Similar to the construction sector, the activities of the property sector have great social and economic impact. Certain issues such as hiring of migrant workers and community impact of its activities overlap both construction and property sectors. Communicating these aspects might be a way to improve its disclosures and reports. Since both the construction and property sectors are inter-related and part of the same value chain, there could be opportunities for cross-sectoral support to raise the sustainability level across the entire value chain.

Services: The industry demonstrated much improvement, with 24 companies communicating sustainability in 2013, versus 6 in 2011 – a four-fold increase. Although this is still just a quarter of all the listed companies in this sector, there is a good level of information disclosed by the companies in the Services sector. While the level of disclosures on Governance, Economic and Environment indicators by this sector pale in comparison with the Mainboard average, the level of disclosure for Social Indicators is above the Mainboard average. These factors are very encouraging. What the Services sector can strive to improve, are reports on environmental indicators. With greater awareness on environmental sustainability in the public realm, players in the sector would do well to pay attention to environmental practices such as materials usage, energy and water consumption and greenhouse gas emissions. Being able to quantify and communicate the environmental impact may be a competitive advantage in brand building to an increasingly discerning public. Similar to the Hotels/Restaurants sector, the Services sector hires a large number of migrant workers and would do well to look into communicating its policies on migrant worker relations.

Transport, Storage & Communications: The number of companies communicating sustainability remains the same as 2011 (at 16), but the industry has improved on its level of disclosure, demonstrating disclosure on Governance and Social indicators that surpasses Mainboard average. On the Economic and Environmental aspects, the industry would do well to look into and report the implications, risks and opportunities on climate change, which are closely related to its areas of business. It should also consider greater disclosure in the environmental impact of its businesses, especially for those with interests in transport and telecommunications where issues pertaining to carbon emission, energy and e-waste management can have tremendous implications on business operations in the future.

On materiality

Among the 160 companies listed on the SGX Mainboard that communicated their sustainable business practices, 22 companies mentioned materiality issues that are relevant to their companies in their sustainability reports. Of these, 4 companies provided passing statements addressing materiality, without further details on how materiality was assessed or the impact of such issues on the business and key stakeholders. The remaining 18 companies communicated the process of how material issues and key stakeholders were identified. Environmental aspects were most commonly cited as being material to business operations and key stakeholders, with 17 companies out of 18 identifying and providing relevant disclosures on them. The second most frequently mentioned aspect was Labour Rights and Practices. On the other hand, only a small number of companies identified Community aspects as being material to them.

FINDINGS OF SGX SUSTAINABILITY REPORTING GUIDELINES

The key indicators in the SGX Sustainability Reporting Guide can be broadly categorised into Foundational Principles, General, Environmental and Social Indicators. The study found that companies that were communicating their sustainability efforts fared most poorly in the disclosure of Environmental Indicators (20.6%). Conversely, there was a high level of disclosure on the General Indicators (65.2%), followed by Social Indicators (45.5%) and Foundational Principles (43.5%). Overall average level of disclosure was at 45.0%.

Foundational Principles Indicators

Foundational Principles Indicators	No. of companies that disclosed foundational principles indicators	Total no. of companies communicating foundational principles indicators
Board Responsibility, Corporate accountability and Seniority of decision-making on sustainability issues	65	160
Comprehensive Risk Management	88	
Performance Measurement Systems Performance assessment against stated goals, peers and industry benchmarks	65	
Does the company report on sustainability?	160	
Does the company comply with international/industry standards (eg. GRI)?	32	
Does the company has independent assurance on Sustainability Report?	8	

Table 8: Disclosure of Foundational Principles Indicators under SGX sustainability guidelines

Generally, companies exhibited high levels of disclosure on risk management procedures. This is likely due to risk management being a mandatory part of MAS' Code of Corporate Governance 2012 for listed companies. But across the board, few companies provided independent assurance on the communications of their sustainable business practices. This could be due to the nascent stage of sustainability auditing.

Companies in the Construction, Finance and Transport, Storage & Communications sectors demonstrated high levels of disclosure on performance measurement systems and assessments, while companies in the Finance and Commerce sectors demonstrated high levels of disclosure with regards to board responsibility, corporate accountability and seniority in decision making on sustainability issues. The Commerce sector also fared well in the area of risk management.

General Indicator

General Indicators	No. of companies that disclosed general indicators	Total no. of companies communicating general indicators
Sustainability policy and goals, including milestones, plans for achieving goals, and long-term aspirations	103	160
Corporate stance on bribery and corruption	150	
Relevant laws, regulations, international agreements, or voluntary agreements with strategic significance to the organisation and its stakeholders, including fines, sanctions, prosecution, and accidents for non-compliance with environmental laws and regulation	59	
Issues and future challenges for the specific industry sector that the company operates in as observed by peers and competitors	105	

Table 9: Disclosure of General Indicators under SGX sustainability guidelines

High levels of disclosure were observed by all companies on the sub-indicator regarding corporate stance on bribery and corruption. This could be attributed to its inclusion in the mandatory MAS Code of Corporate Governance. However it is worth noting that despite this, there were 10 companies in the Manufacturing, Services and Mining sectors that did not disclose information on this sub-indicator.

Companies in the Commerce, Finance, Services, Hotels and Agriculture sectors had high levels of disclosure on their sustainability policy and goals. The Agriculture, Finance and Multi-Industry sectors demonstrated high levels of disclosure related to issues and challenges faced by their sectors as observed by peers and competition. This could be attributed to operational sensitivities in the Agriculture and Finance sectors, and in the case the Multi-Industry sector, the diverse nature of businesses within the sector.

Across all sectors, companies provided the least disclosure on laws and regulations with strategic significance to the organisation. This is perhaps because such disclosures would require companies to share the potential negative impacts of fines and sanctions, and disclose information should such adverse events occur. Among all the sectors, the Manufacturing sector had the highest level of disclosure for this sub-indicator.

Environmental Indicator

Environmental indicators	No. of companies that disclosed environmental indicators	Total no. of companies communicating environmental indicators
Climate change disclosures e.g. business or legal developments related to climate change mitigation or adaptation that may have an impact on the organisation	17	160
Biodiversity management	25	
Environmental management systems	57	

Table 10: Disclosure of Environmental Indicators under SGX sustainability guidelines

Companies in the Agriculture, Construction and Multi-Industry sectors were observed to have disclosed environmental management systems information. However, it is noted that given the broad definition of environmental management systems, any companies with a corporate environmental policy would be considered to have fulfilled this sub-indicator.

While a significant number of companies undertake measures to reduce carbon emissions and engage in energy conservation, they fall short on clearly drawing the link between the impact that implementing these measures bring and the ensuing business impact on the company. It was observed that companies in the Finance, Commerce and Services sectors generally scored low on environmental indicators disclosures. This could be due to a lack of clear and direct links between business operations and environmental concerns in these sectors. For example, the link between biodiversity and carbon emission management may not be immediately apparent to companies in the Finance sector. However, Finance companies may do well to look into responsible investment principles and carbon emissions arising from business travel which cause an impact on the environment in the long term. With issues of climate change growing in importance, there is a need for companies to look into whether their environmental sustainability polices adequately address these issues and improve on disclosure of their efforts.

Social Indicator

Social Indicators	No. of companies that disclosed social indicators	Total no .of companies communicating social indicators
Labour practices and relations	92	160
Diversity and inclusion	59	
Programmes and practices that assess and manage the impacts of operations on communities	56	
Product responsibility policy and practices	84	

Table 11: Disclosure of Social Indicators under SGX sustainability guidelines

A high level of disclosure was observed for the sub-indicator on labour practices and relations, with many companies providing information on human capital development activities such as team building and training opportunities. This is especially so for companies in the Property, Commerce and TSC sectors.

Companies in the Services, Finance and Commerce sectors demonstrated high level of information disclosure in the areas of product responsibility, policy and practices. This is encouraging given that transparency in products and services sold is an important factor for businesses in these sectors. While this same attribute is important in the Manufacturing sector, there was a markedly lower level of disclosure for this sub-indicator by manufacturing companies.

Across all sectors, there was a lack of disclosure on the processes employed by companies to manage the impacts of their operations on local communities.

Disclosure by Companies from High Impact Sectors

- Only 32.1% of companies from high impact sectors communicated their sustainability practices
- Based on four broad indicators, high impact sector companies see a slightly lower level of disclosure, compared to the Mainboard average

The SGX Guide to Sustainability Reporting highlighted 10 high impact sectors with operations that are susceptible to greater environmental and social risks. Companies in these sectors possess greater responsibility in their accountability towards their stakeholders and therefore, disclosure of non-financial information is encouraged.

In this study, the SSIC 1996 standard was used to draw out the list of companies in the high impact sectors. From the sample size of 537 companies in the study, 137 (27.4%) belong to the 10 high impact sectors, of which 44 companies (32.1%) communicated their sustainable business practices.

High Impact Sectors	Total number of companies in sector	Number of companies communicating sustainability practices	Rate of Communication
Agriculture	8	7	87.5%
Air Transport	4	1	25.0%
Chemicals & Pharmaceutical	13	3	23.1%
Construction	35	11	31.4%
Food & Beverage	26	11	42.3%
Forestry & Paper	4	1	25.0%
Mining & Metals	26	5	19.2%
Oil & Gas	9	2	22.2%
Shipping	8	2	25.0%
Water	4	1	25.0%
Total	137	44	32.1%

Table 12: Rate of sustainability communication by High Impact Sectors

Companies in the Agriculture and Food & Beverages sectors had the highest rate of communication, at 87.5% and 42.3% respectively. At the other end of the spectrum, only 22.2% and 19.2% of companies in the Oil & Gas and Mining & Metals sectors respectively communicated their sustainability practices.

Assessing the levels of disclosure by companies from these 10 high impact sectors based on the four indicators listed in SGX's Guide to Sustainability Reporting, it was found that the average level of disclosure was 43.5%. This is lower than the Mainboard average level of disclosure of 45.0%. While the difference is nominal, this result raises concerns given the higher social and environmental responsibilities of such businesses.

The Air Transport and Water sectors demonstrated the highest levels of disclosure, at 82.4% and 70.6% respectively. However, these figures are derived from the scores of a single company in each sector, and therefore cannot be representative of the sector. Companies in the Agriculture, Food & Beverages and Shipping sectors were the next three groups that most communicated their sustainability efforts, at 53.8%, 47.6% and 47.1% respectively. Conversely, the Forestry & Paper and Mining & Metals companies fared poorly in disclosure, at 29.4% and 22.4%. Given the nature of these businesses and the potential adverse impact on the environment and communities in which they operate in, this is a worrying trend.

Sector Average

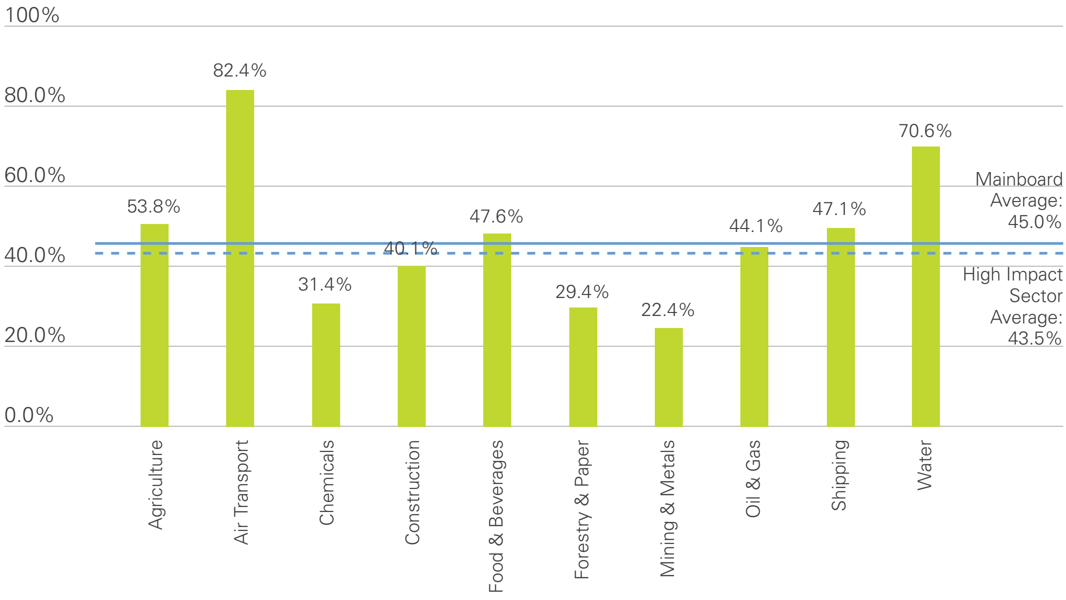


Figure 9: Level of sustainability disclosure by High Impact sectors identified by SGX

STI BLUE CHIPS LEADING THE WAY, BUT IS IT ENOUGH?

The Straits Times Index (STI), the most globally-recognised benchmark index and market barometer for Singapore, tracks the performance of the top 30 companies listed on the Singapore Exchange. These 30 blue chip stocks are recognised as well-established and financially sound.

Out of these 30 companies, 26 fall under the scope of this study, and all 26 are found to have communicated their companies' sustainability practices. Companies of 14 STI stocks – including Capitamall Trust, a REIT - have shown in-depth disclosures of their Governance, Economic, Environmental and Social indicators, with a majority of them utilising the GRI framework in producing their reports. CapitaMall Trust, the only REIT in the STI as of 31 December 2013, while not part of this study on the SGX Mainboard listed companies, was assessed in a separate affiliate study on SGX Mainboard listed REITs, to be published later this year. It showed a similar level of disclosure as companies on the SGX Mainboard that had a high level of disclosure.

These 14 companies have been mainstays on the STI. The remaining companies also disclosed non-financial information within their annual reports and/or corporate websites, but did not adopt any internationally recognised framework. While there is some form of non-financial disclosure, there remains room for improvement in terms of the breadth and depth of information disclosed.

With the world beginning to embrace the notion of sustainability as a core tenet of long-term business success, it is time for Singapore's blue chip companies to lead the way to greater accountability and disclosure in the environmental, social and governance aspects of their businesses.

STI constituent stocks as at Jan 2014	Mode of communicating sustainability efforts	Reporting framework used
Capitamalls Asia Limited	Annual report and corporate website	-
Capitaland Limited	Standalone report, annual report and corporate website	GRI (B+)
Capitamall Trust	Annual report	-
City Developments Limited	Standalone report, annual report and corporate website	GRI (A+)
Comfortdelgro Corporation Ltd	Annual report and corporate website	-
DBS Group Holdings Ltd	Annual report and corporate website	-
Genting Singapore Plc	Annual report and corporate website	-
Global Logistic Prop Limited	Annual report and corporate website	-
Golden Agri-resources Ltd	Standalone report, annual report and corporate website	GRI (B)
Hongkong Land Holdings Limited	Not in scope of study (secondary listing)	
Hutchison Port Holdings Trust	Not in scope of study (business trust)	
Jardine Cycle & Carriage Ltd	Annual report and corporate website	-
Jardine Matheson Holdings Ltd	Not in scope of study (secondary listing)	
Jardine Strategic Hldgs Ltd	Not in scope of study (secondary listing)	
Keppel Corporation Limited	Standalone report, annual report and corporate website	GRI (B+)
Noble Group Limited	Annual report and corporate website	UNGC, RSPO
Olam International Limited	Standalone report, annual report and corporate website	GRI
Overseas-Chinese Banking Corp	Standalone report, annual report and corporate website	UNGC
Sembcorp Industries Ltd	Sustainability report embedded annual report, and corporate website	GRI (B)
Sembcorp Marine Ltd	Sustainability report embedded annual report, and corporate website	GRI (B)
SIA Engineering Co Ltd	Annual report	-
Singapore Airlines Ltd	Standalone report, annual report and corporate website	UNGC
Singapore Exchange Limited	Standalone report, annual report and corporate website	GRI 4
Singapore Press Holdings Ltd	Annual report and corporate website	-
SingTel	Standalone report, annual report and corporate website	GRI (B+)
StarHub Ltd	Sustainability report embedded within annual report, and corporate	GRI (B)
ST Engineering Ltd	Annual report and corporate website	-
Thai Beverage Public Co Ltd	Standalone report	-
United Overseas Bank Ltd	Annual report and corporate website	-
Wilmar International Limited	Standalone report, annual report and corporate website	GRI (C+)

Table 13: Mode of sustainability communication by SGX Straits Times Composite Index (STI) as of 31 December 2013

GOING FORWARD – SUSTAINABILITY LANDSCAPE IN SINGAPORE

This study has enabled us to review the possible factors that would encourage greater uptake on reporting and the adoption of global frameworks, so as to develop a business culture focussed on long-term sustainability.

While it is encouraging to see an increase of more than two-fold in the number of companies communicating their sustainability efforts, over two-thirds of the companies on the SGX Mainboard are still not providing information on sustainability. This in spite of SGX providing guidelines for sustainability reporting in June 2011 – two years prior to the launch of this study.

One possible cause is that while the stock exchange encourages sustainability reporting, a substantial number of companies listed on the exchange are domiciled in markets that have yet to see the value of sustainability reporting and communication. However, the increase in companies communicating sustainability implies a growing awareness on sustainable and responsible business practices and the need to disclose such information. This could have been driven by a variety of factors, including pressure from external stakeholders and groups, regulatory changes to operating environment and the need for a competitive advantage. More companies need to realise the business advantages of sustainability reporting.

It is heartening to see all 26 STI companies in this study bearing some form of non-financial sustainability communication, but with just over half of these companies providing in-depth information on their sustainability activities, there is scope to improve. The 14 companies providing in-depth information are long-stay on the STI, a possible indication that paying attention to sustainability can support a company in its over growth strategy.

On the other end of the scale, companies in the Manufacturing and Construction sectors that had shown lower-than-average levels of disclosure on the non-financial indicators need not be disheartened, as information disclosed can be improved upon, once business owners put the necessary systems and procedures in place to enhance those aspects that are most material to their businesses.

The study also observed that the size of a company does not impede it from communicating its sustainability activities, evident by the increase in small and medium capitalisation companies' communication on non-financial indicators. However, to produce more in-depth sustainability reports may require additional resources to monitor and collect data of sustainability activities. Hence the study observed large capitalisation companies faring better in this area. More resources in the form of capacity building and funding could be provided to small and medium capitalisation companies that are interested in producing more in-depth reports, to give their business a competitive edge.

For larger companies that are producing sustainability reports, the question is whether their communications can be further improved to foster greater transparency and accountability in their non-financial reporting. A small but growing number of companies have adopted internationally recognised frameworks such as GRI and UNGC when producing reports, but there can be a greater level of adoption. Similar to small and medium capitalisation companies, capacity building may be a way to encourage adoption.

For those that are already using international frameworks like GRI, materiality is an area that needs to be addressed. Materiality assessment not only helps a company determine the important aspects of their business, it presents opportunities to assess the risks in its business operations and find ways to mitigate these risks. However, only a few companies are focusing on materiality issues. This raises the concern as to whether local companies that are producing reports using the GRI framework are ready to transition to the G4 framework by end 2015 – the deadline for transition. Assessing materiality issues would help companies extract greater value when producing sustainability reports.

Sustainability Reporting and Integrated Reporting

Sustainability reporting is about sharing information with stakeholders regarding a company's long-term sustainability goals and impact, while integrated reporting <IR> takes it one step further by having the company articulate its value creation and sharing its strategy, governance, performance and prospects in the short, mid and long term. An emerging trend in corporate reporting, the term 'integrated reporting' first surfaced in the King's Code of Governance for South Africa in 2009. The primary purpose of an <IR> is to provide information for investors to make sound decisions on capital allocation.

While both types of reports exist for different purposes, they are similar in their focus on long-term sustainability and development of businesses. Since the formation of the International Integrated Reporting Council (IIRC) in 2010, leading businesses around the world have been watching closely the development of <IR>. The first <IR> framework was introduced in April 2013 and the IIRC currently has more than 100 global leading businesses and public organisations in its pilot programme testing the framework.

How has this development impacted companies listed in Singapore, as well as the adoption of sustainability and sustainability reporting? First, businesses must begin to take a serious look at the long term environmental and social impact by communicating its sustainability goals and activities to stakeholders. Though the number of SGX Mainboard listed companies communicating sustainability have increased, the majority of communication lacks depth and breadth of information. Not having proper sustainability reports means that these companies are unlikely to have a comprehensive view of their social and environmental exposures. This is a big concern not only for the communities they operate in but also their long-term sustainability. Without information on sustainability available and collected, it is difficult to imagine how companies are looking beyond, into areas such as integrated thinking, decision making, value creation and short, mid and long term prospects of business.

As global leading companies look into <IR> as the next wave of corporate reporting, it is most crucial that SGX Mainboard listed companies voluntarily begin reviewing their own sustainability communications now. It would be prudent for them to consider investing resources to look into sustainability goals and targets, and providing accountability and transparency.

LIMITATIONS AND FUTURE RESEARCH

The assessment methodology is a quantitative measurement of the breadth and depth of sustainability information disclosed by corporations, which does not allow us to assess the materiality of information disclosed. This is an important aspect of sustainability reporting and communications, as materiality helps a company identify and determine which sustainability areas are critical to its business and where it can create the most impact, to better align its efforts in areas that are most strategic to its business. Given the complexity of defining issues that are material to each individual sector and company, we have limited our study on materiality to a qualitative analysis of the companies that had produced sustainability reports using the GRI framework. These will serve to provide a snapshot of how companies address materiality and if companies that are adopting the GRI framework in their reports are disclosing information that are material to their companies.

The study assumes that companies which fail to provide communications on sustainability activities within the public domain are deemed to have no sustainability policies or practices. The study presumes that effective communication to stakeholders is a fundamental baseline in determining the existence of sustainable business practices. However, it is acknowledged that there may be companies engaging in sustainable business practices but are unable to communicate these with stakeholders due to limited resources or other reasons. In light of this, the findings from the study represent a conservative estimate of the sustainability reporting landscape in Singapore. The study also excludes reporting activities of non-listed companies in Singapore.

A possible area for future research is to carry out a more in-depth look into the issue of materiality and stakeholder engagement by companies. With the GRI G4 guidelines taking effect by 2016, reporters that have decided to adopt the GRI framework would be able to demonstrate more clearly in their report the assessment on materiality as well as their stakeholder engagement procedures.

Another area of further study would be to explore the link between sustainability disclosure and the actual performance of sustainability by each company that communicates sustainability. This would help us understand if there are discrepancies between what is reported and the actual sustainability practices of the company. As an extension, it would be useful to explore the link between sustainability practices and disclosure and their effects on a company's bottom line. This would help practitioners of corporate social responsibility and sustainability gather quantitative data on sustainability and its impact on profits and the long-term financial stability of a company.

CONCLUSION

Sustainability reporting is a core domain of a company's corporate social responsibility. It is heartening to note the progress and momentum of this reporting over the last few years as evidenced by our study. While the level of the reporting has witnessed a clear upwards trend, there is, however, still much scope for this to be prevalent across more companies, especially the listed ones which carry greater accountability to their various stakeholders.

Reporting may just be the 'tip of the iceberg', but will definitely be more critical to embed the core idea of sustainability within companies. We have to go beyond the reporting and focus on the sustainability efforts themselves. We have to eventually root a culture of sustainability at all levels in each of the companies.

The ongoing series of studies on the state of sustainability by Singapore Compact and NUS Business School will hopefully generate a broad-based awareness, acceptance and adoption of sustainability and its reporting amongst companies in Singapore.

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