



Sustainability Reporting in ASEAN:

State of Progress in

Indonesia, Malaysia, Singapore and Thailand

20 July 2016

Collaborators



Centre for Governance, Institutions & Organisations
NUS Business School

Benchmark Studies

- **2012**
 - Sustainability reporting in Singapore's mainboard companies
- **2014**
 - Sustainability reporting in Singapore's mainboard companies
 - Sustainability reporting in Singapore's Real Estate Investment Trusts
- **2016**
 - Sustainability reporting for largest 100 companies in ASEAN countries – Indonesia, Malaysia, Singapore and Thailand

Scope of Study

Top 100 mainboard companies

by market capitalisation (as of 30 June 2015)

Covered disclosed information

from 1 Jan 2014 to 31 Dec 2015



Indonesia Stock Exchange
Bursa Efek Indonesia



The Stock Exchange of Thailand



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ASEAN Sustainability Landscape

	Indonesia (IDX)	Malaysia (BURSA)	Singapore (SGX)	Thailand (SET)
Sustainability Reporting Enforcement Level	Mandatory	Mandatory	‘Comply or explain’ basis from financial year ending on, or after 31 December 2017	Mandatory
Sustainability Reporting Written Guidance	Nil	Bursa’s ‘Sustainability Reporting Guide’	SGX’s ‘Guide to Sustainability Reporting for Listed Companies’	CSRI’s ‘Guidance for Sustainability Reporting’
Sustainability Index	KEHATI-SRI Index	FTSE4Good Bursa Malaysia Index	SGX Sustainability Indices	Nil

Methodology

Referencing GRI G4 Guidelines	
<ul style="list-style-type: none">• Governance• Economic• Environmental• Social <p><i>Aggregate score range: 20-100</i></p>	<ul style="list-style-type: none">• Strategy and analysis• Materiality• Stakeholder engagement <p><i>Item-level scoring</i></p>

Methodology

Governance

- Code of Corporate Governance
- Governance procedures
- Anti-corruption and code of ethics

Economic

- Economic value generated
- Value and supply chain
- Climate change – implications, risks, opportunities
- Investment in non-core business infrastructure
- Risk management

Methodology

Environmental

- Energy
- Water
- Waste management
- Carbon emissions
- Biodiversity
- Compliance
- Product and service stewardship

Social

- Diversity and equal opportunity
- Labour and industrial relations
- Occupational health and safety
- Training and education
- Human rights
- Community involvement
- Product responsibility
- Philanthropy

Methodology

Strategy and analysis

- Provide CEO statement on sustainability
- Provide description of key impacts, risks and opportunities

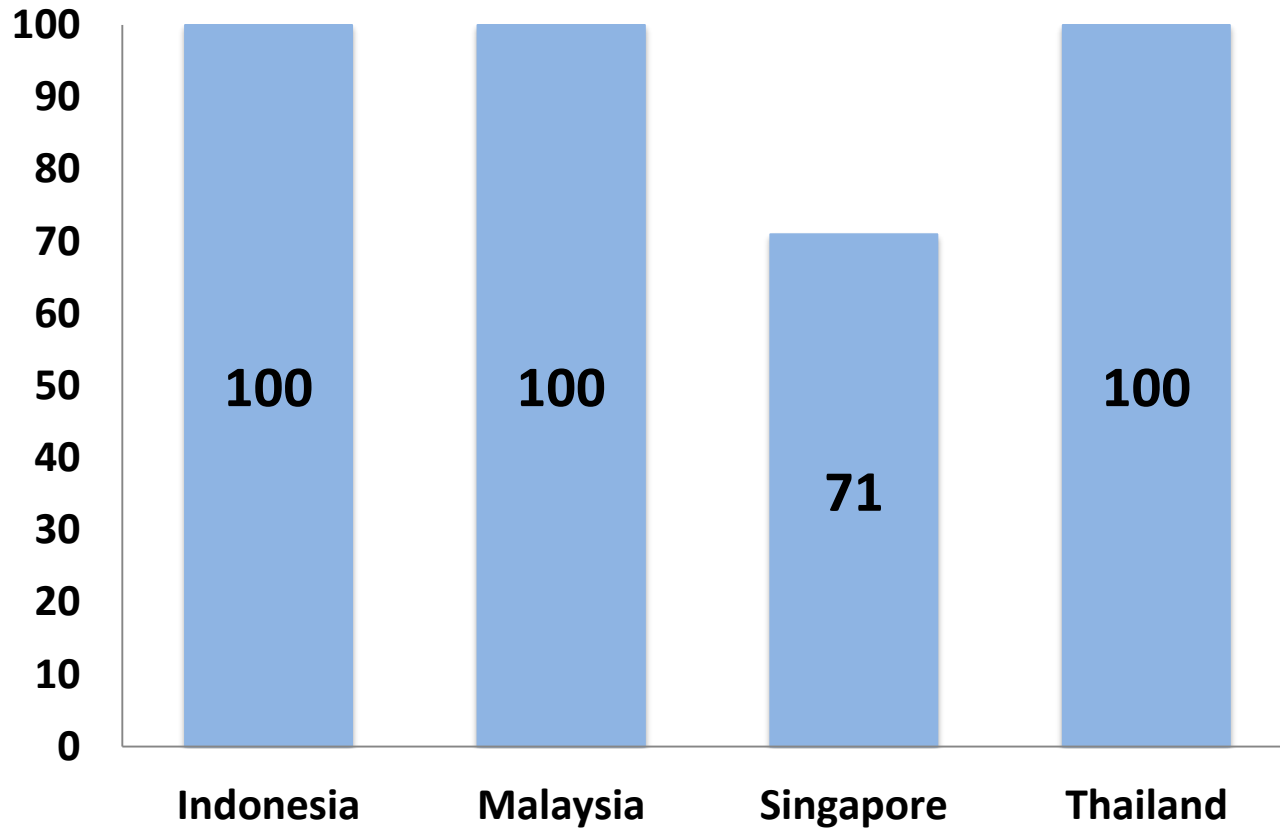
Materiality

- Explain process for defining report content and aspect boundaries
- List material aspects identified
- Report aspect boundaries for each material aspect

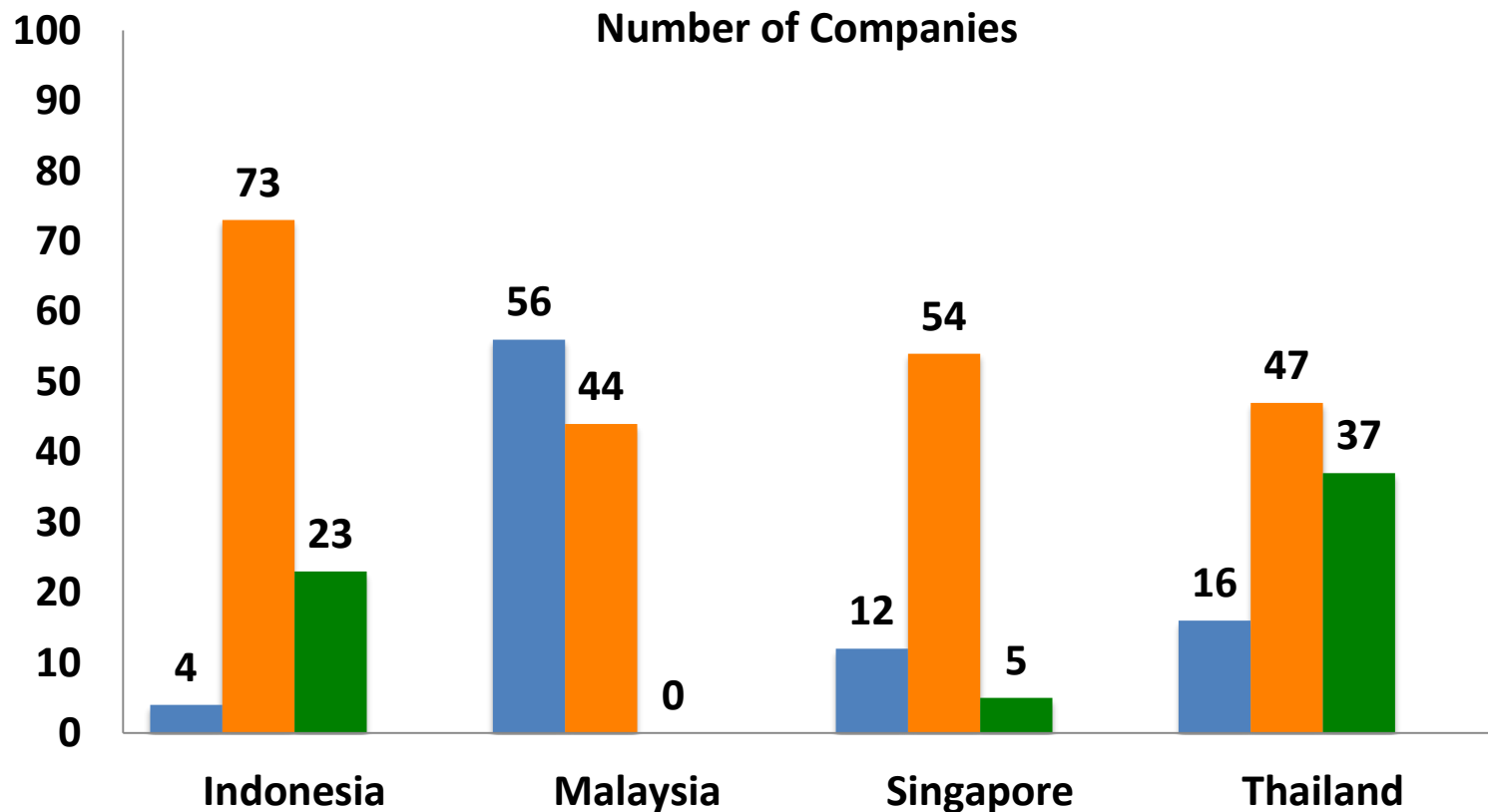
Stakeholder engagement

- Stakeholder engagement and inclusiveness policies and procedures
- Provide list of stakeholder groups engaged
- Report basis for identification and selection of stakeholders

Companies with Sustainability Reporting

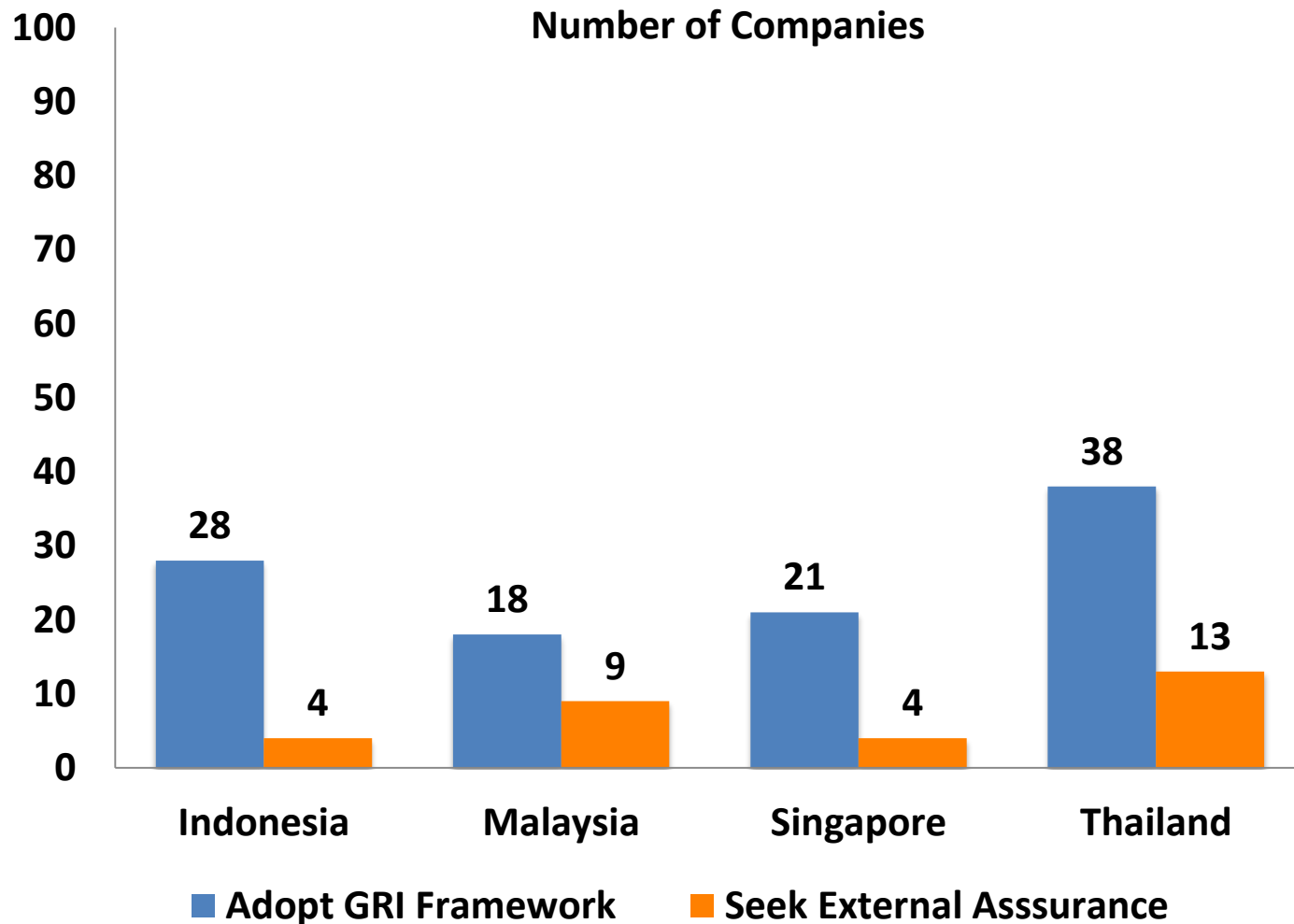


Report Characteristics

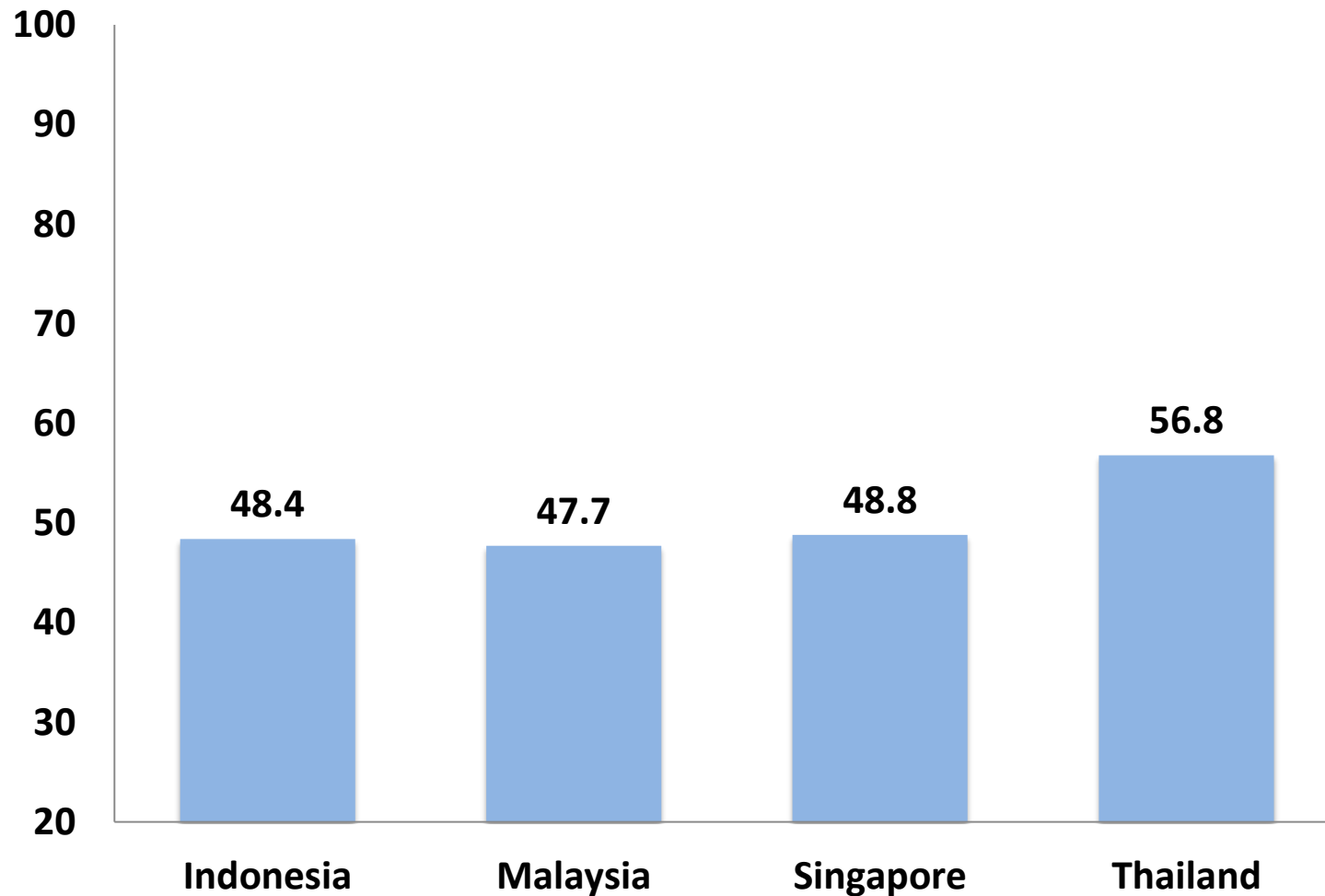


- Standalone Report with/without Corporate Website
- Annual Report with/without Corporate Website
- Standalone Report and Annual Report with/without Corporate Website

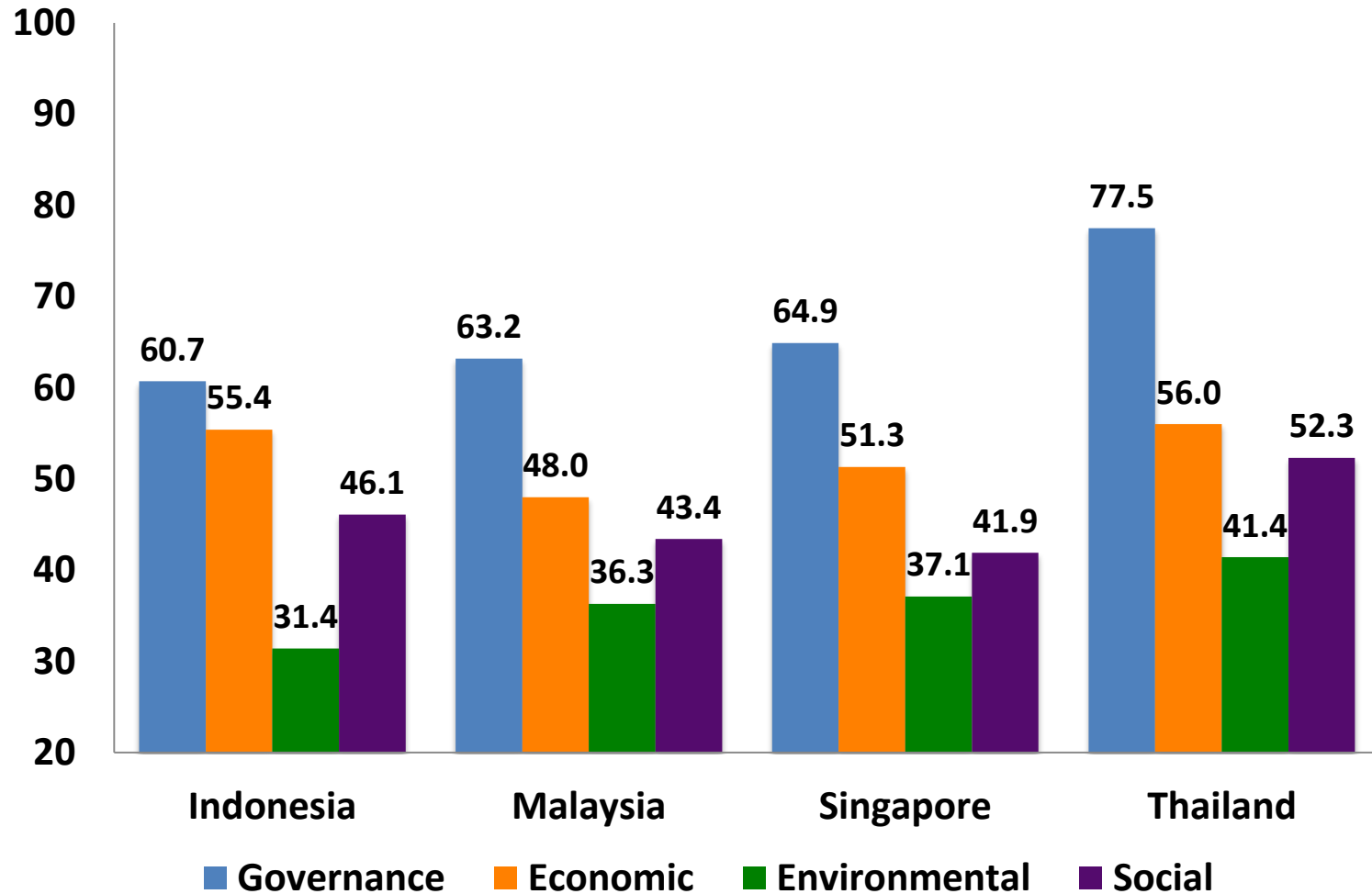
Report Characteristics



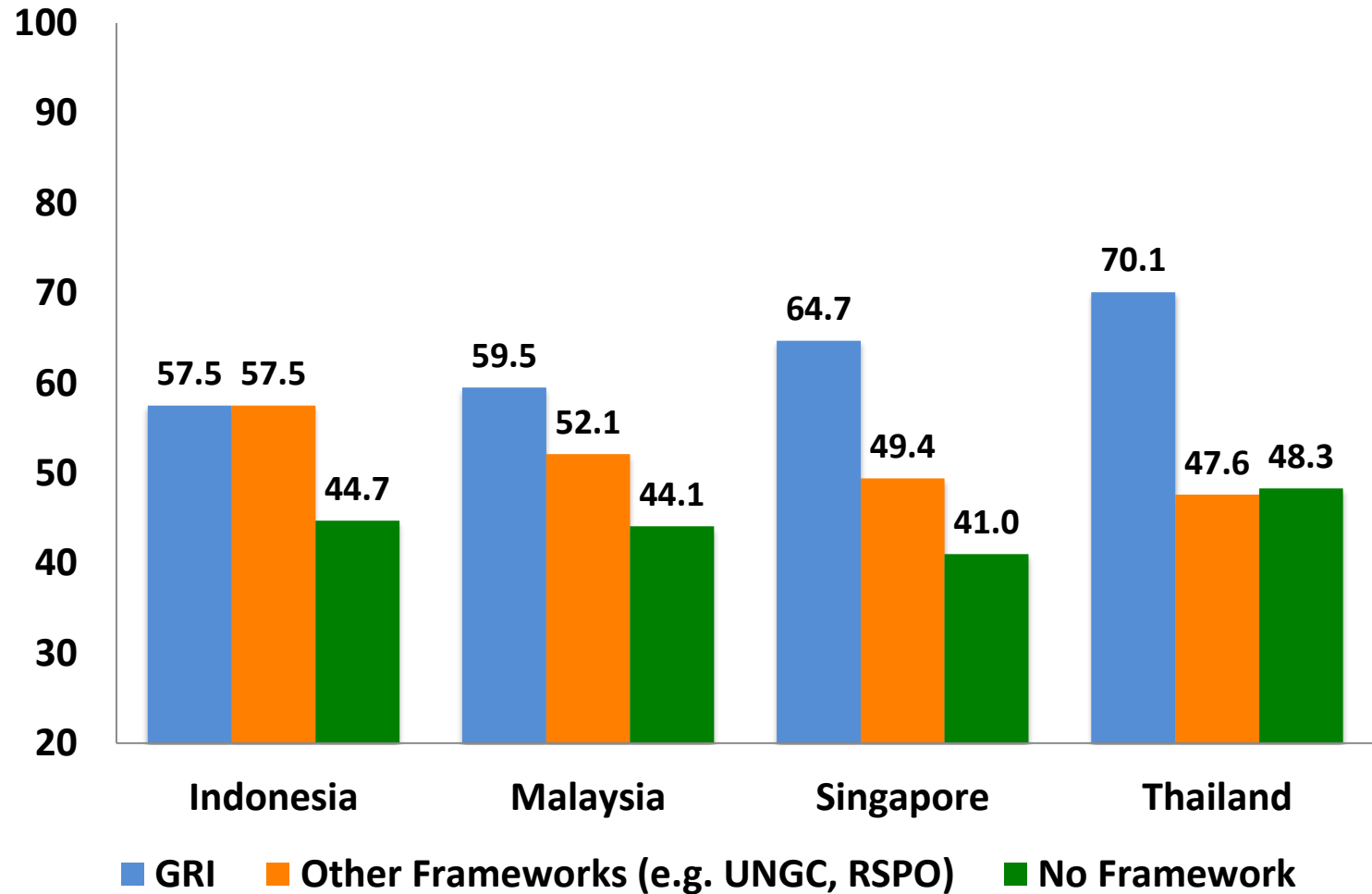
Overall Quality of Disclosure



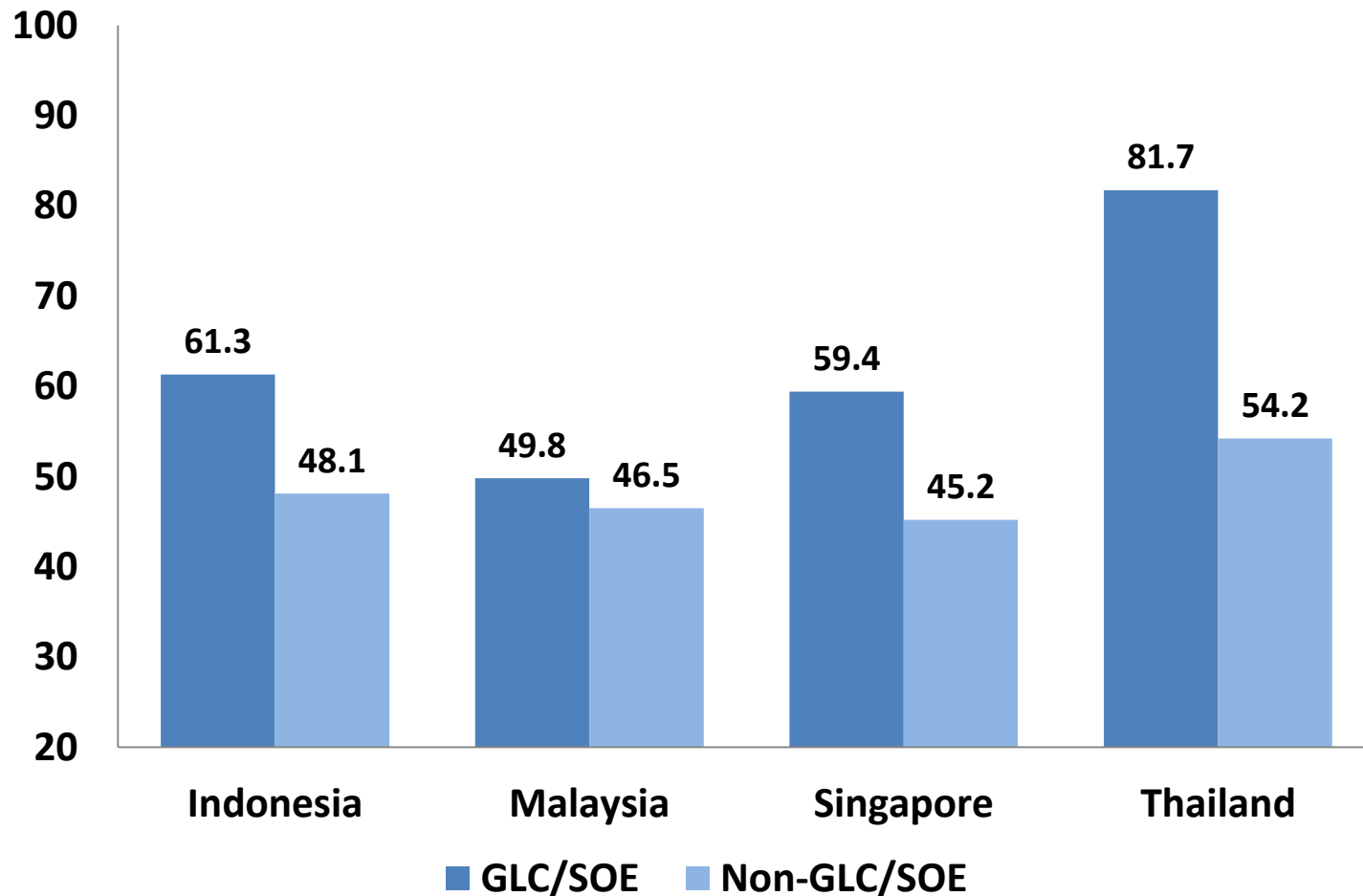
Disclosure Quality by Indicators



Disclosure Quality by Framework



Disclosure Quality by GLC/SOE



*A company is defined as a Government-Linked Company/State-Owned Enterprise if the government has a substantial shareholding of 20% or more in the firm.

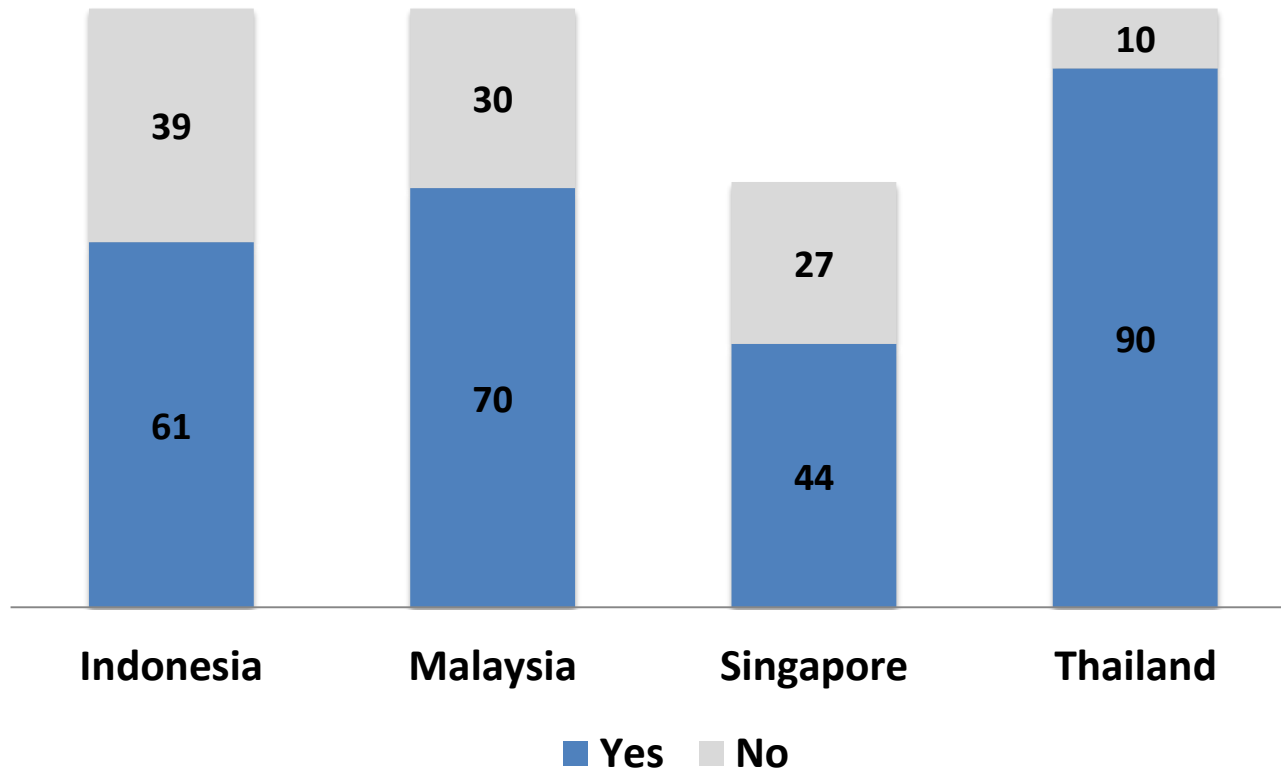
Strategy and Analysis

- Provide CEO statement on sustainability

- Provide description of key impacts, risks and opportunities

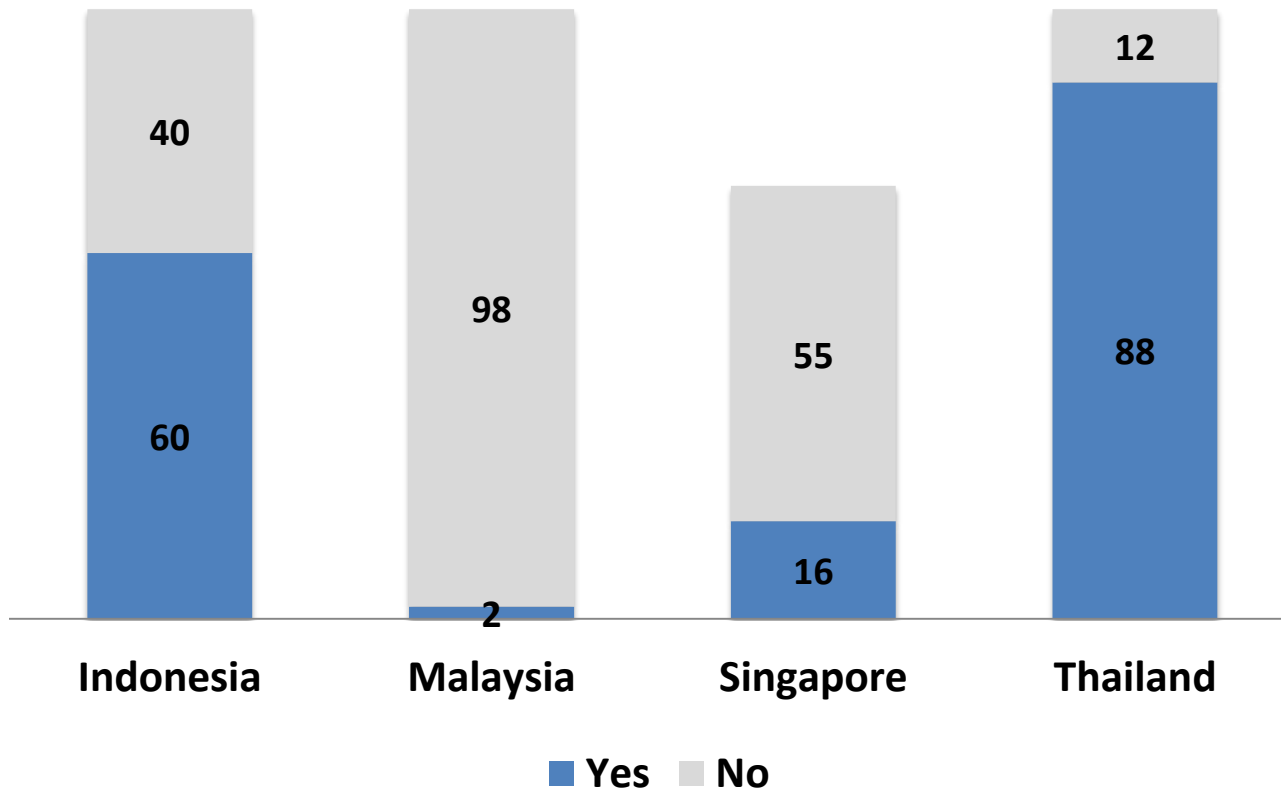
Strategy and Analysis

Number of companies that provided CEO statement on sustainability



Strategy and Analysis

Number of companies that provided description of key impacts, risks and opportunities



Materiality

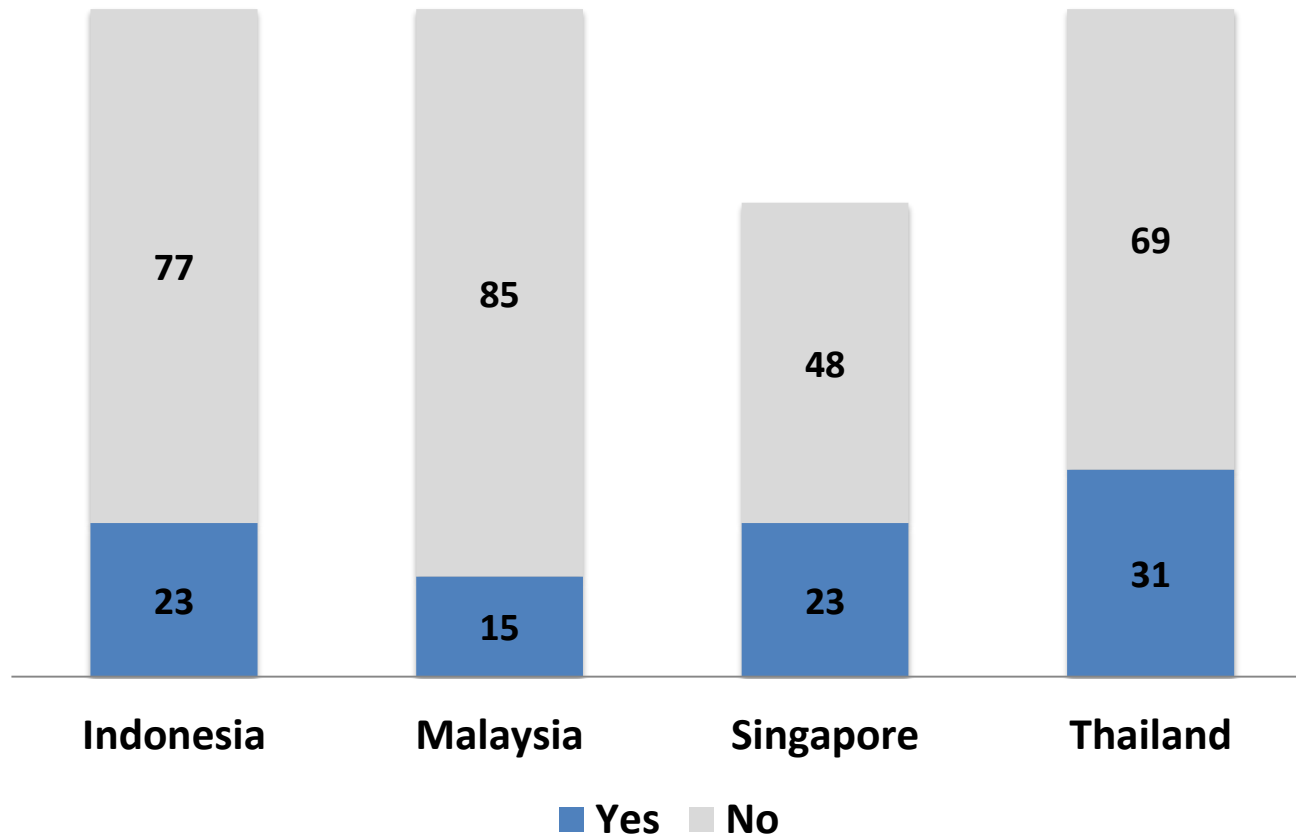
- Explain process for defining report content and aspect boundaries

- List material aspects identified

- Report aspect boundaries for each material aspect

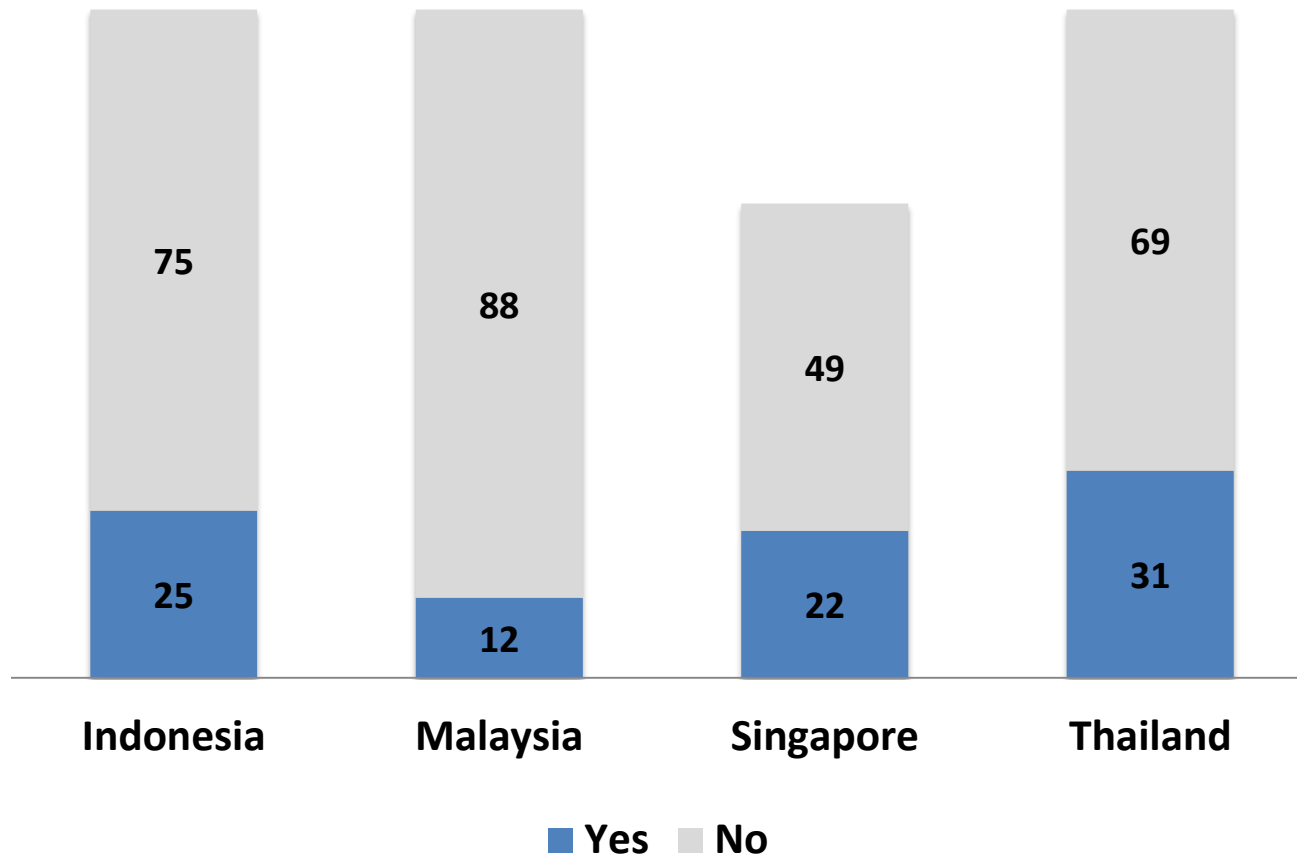
Materiality

Number of companies that explained process for defining report content and aspect boundaries



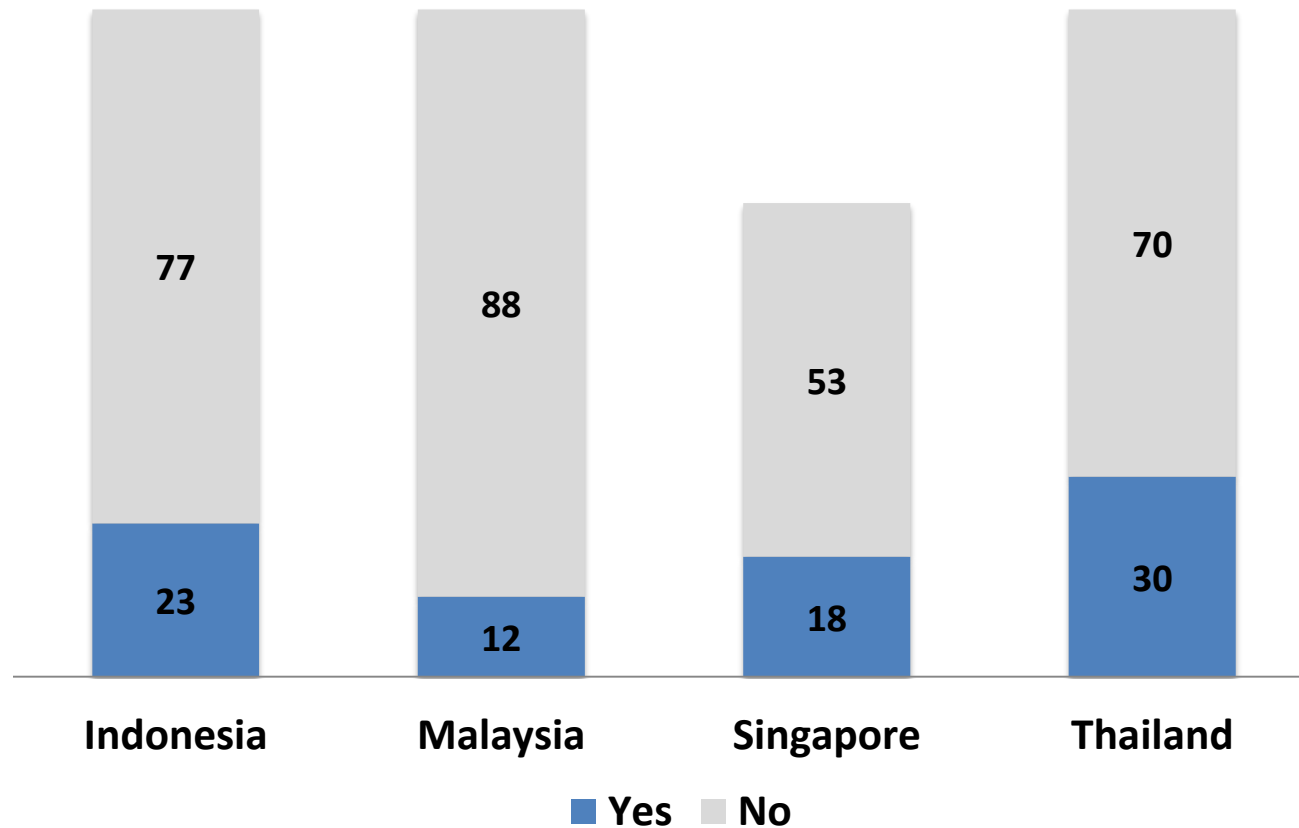
Materiality

Number of companies that listed material aspects identified



Materiality

Number of companies that reported aspect boundaries for each material aspect



Stakeholder Engagement

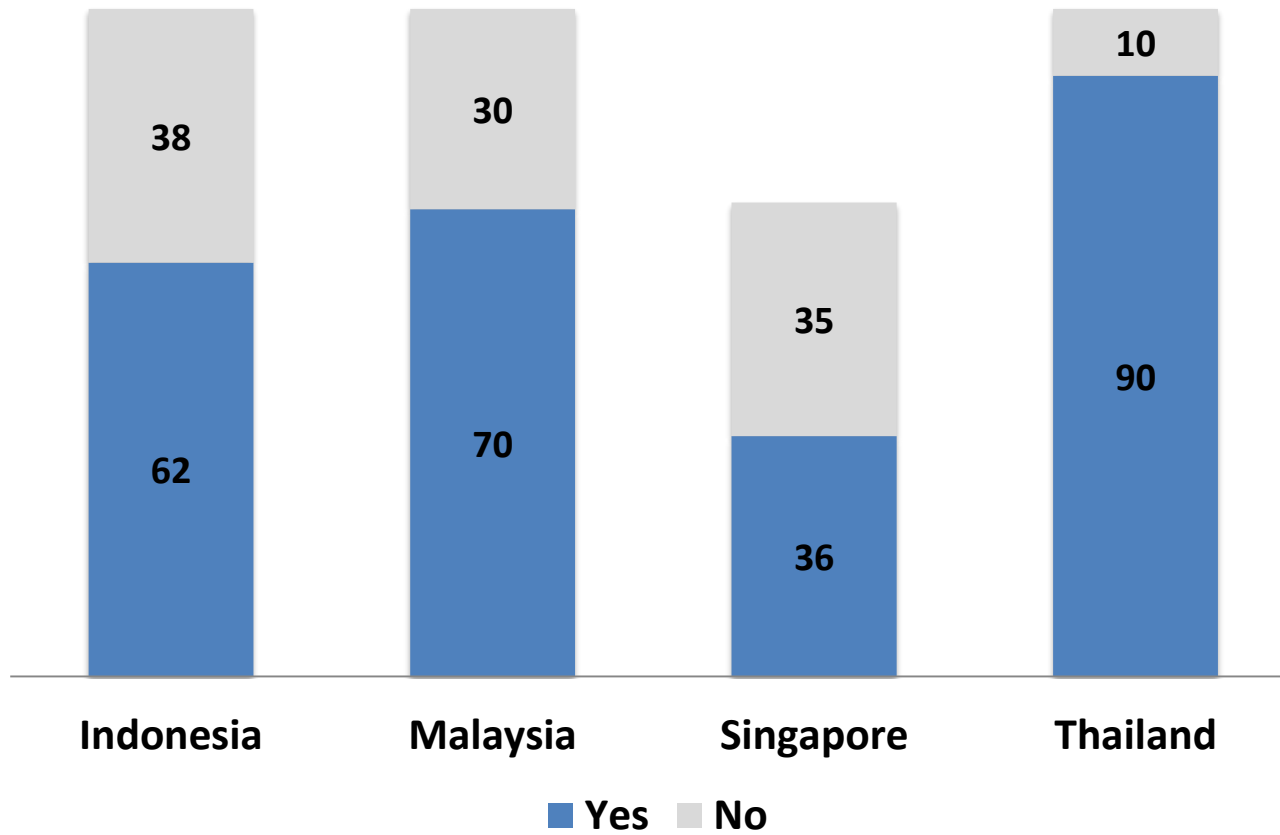
- Stakeholder engagement and inclusiveness policies and Procedures

- Provide list of stakeholder groups engaged

- Report basis for identification and selection of stakeholders

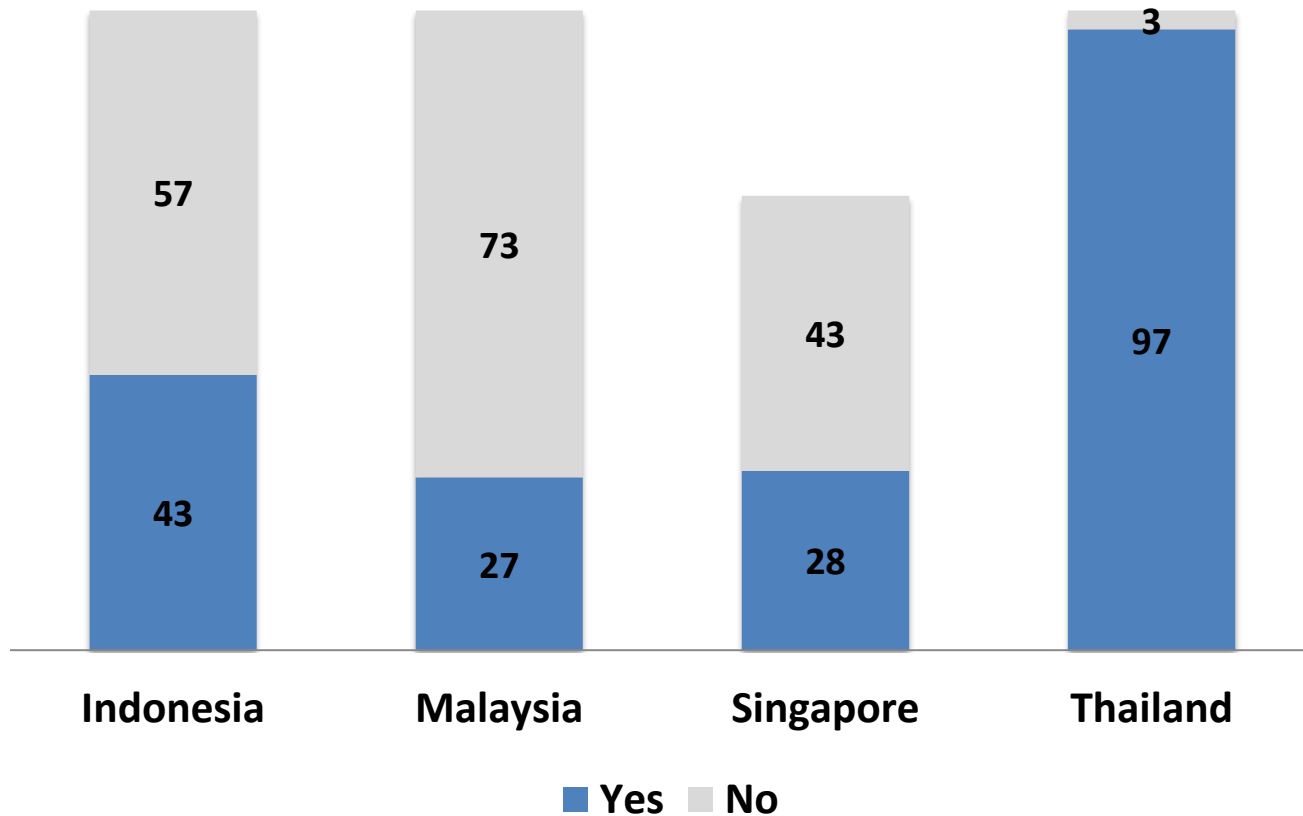
Stakeholder Engagement

Number of companies that disclosed stakeholder engagement and inclusiveness policies and procedures



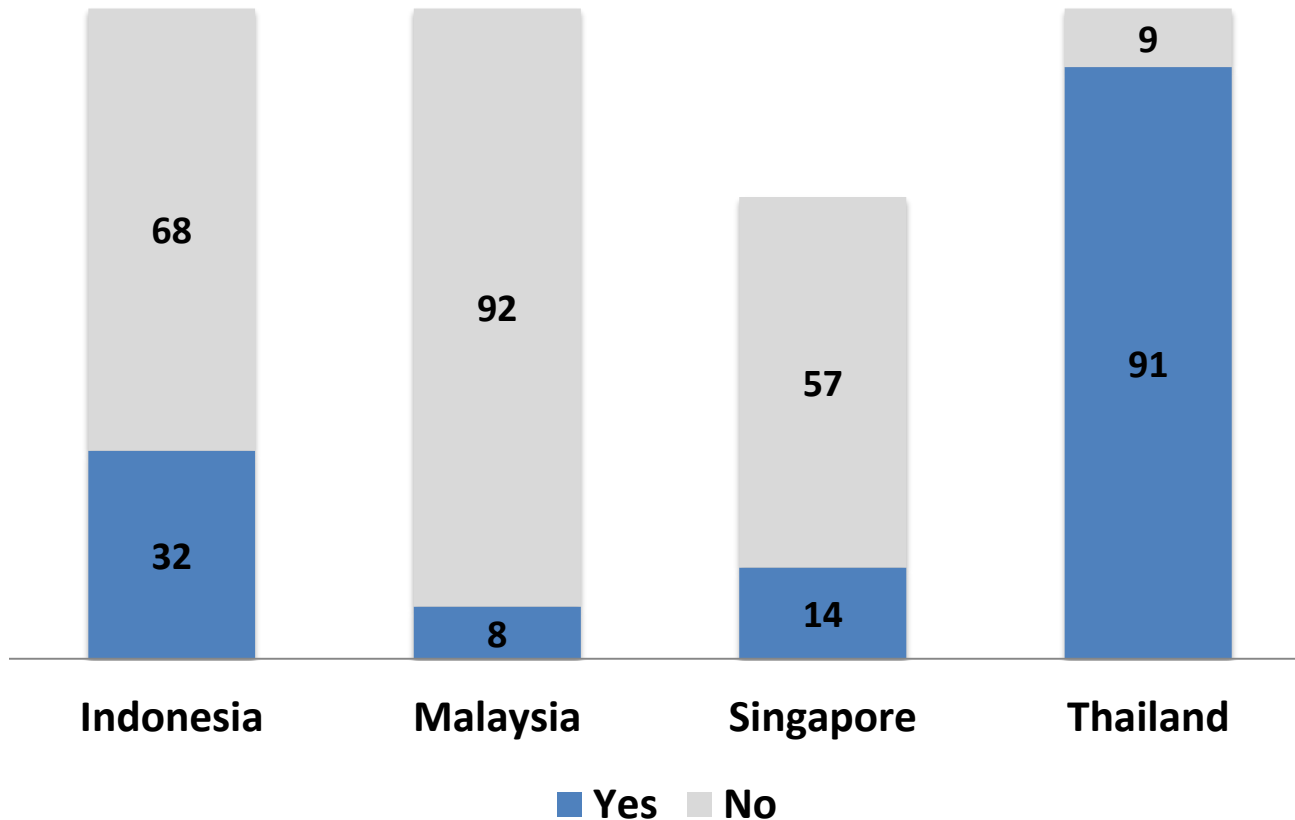
Stakeholder Engagement

Number of companies that provided list of stakeholder groups engaged



Stakeholder Engagement

Number of companies that reported basis of identification and selection of stakeholders



Summary of Findings (Country Observations)

- **Indonesia** – Economic and Social indicators are relatively well-disclosed but need to look further into Governance and Environmental aspects
- **Malaysia** – more comprehensive sustainability reporting landscape expected with the newly-implemented reporting guide by Bursa
- **Singapore** - higher proportion of companies are expected to communicate sustainability when on the ‘comply or explain’ basis
- **Thailand** - highest quality of disclosure attributed to its business culture that strongly emphasises on compliance

Summary of Findings

(General Observations)

- Higher quality of disclosure generally observed when countries used GRI framework
- GLCs/SOEs tend to fare better on their quality of disclosures
- Companies see the relevance in sustainability but majority of them are unable to identify its key impacts, risk and opportunities
- Only a small proportion of companies disclosed information on materiality from all countries

Conclusion

- Overall level of sustainability reporting is healthy across all 4 countries
- Companies appear to increasingly recognise importance of sustainability reporting and make progress to improve on the quality of disclosure