SUSTAINABILITY REPORTING REVIEW 2021:
PRESENTATION OF FINDINGS

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Agenda

1. Context
2. Methodology
3. Results
   a. Overall Performance
   b. Reporting Scope and Components
   c. Key Reporting Principles
   d. Topics of Interest
4. Summary
Context
Industry Context

1. **Covid-19 pandemic** – Highly disruptive event with economic, environmental, social and governance (EESG) implications

2. **Climate change** – Increasingly featured in corporate action and public policy

3. **Sustainable finance** – Escalating investor attentions and new “green finance” products globally and in Asia
Policy Context

1. **Singapore Green Plan 2030** – Whole-of-nation movement to advance Singapore’s national agenda on sustainable development

2. **MAS Guidelines on Environmental Risk Management** – Issued in December 2020 for banks, asset managers and insurers

3. **Sustainability Reporting Consultation** – Upcoming exercise for reporting enhancements by SGX RegCo
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Methodology
Assessment Framework (I)

Based on requirements in Listing Rules 711A, 711B and Practice Note 7.6

<table>
<thead>
<tr>
<th>Category</th>
<th>Weightage</th>
</tr>
</thead>
<tbody>
<tr>
<td>General Scope</td>
<td>10%</td>
</tr>
<tr>
<td>Material ESG Factors</td>
<td>20%</td>
</tr>
<tr>
<td>Policies, Practices and Performance</td>
<td>20%</td>
</tr>
<tr>
<td>Targets</td>
<td>20%</td>
</tr>
<tr>
<td>Sustainability Reporting Framework</td>
<td>15%</td>
</tr>
<tr>
<td>Board Statement</td>
<td>15%</td>
</tr>
<tr>
<td></td>
<td>100%</td>
</tr>
</tbody>
</table>

General Reporting Scope

+ Five Primary Components in Listing Rule
Assessment Framework (II)

Additional assessment is conducted on the reporting principles

<table>
<thead>
<tr>
<th>Reporting Principles Assessed</th>
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<tbody>
<tr>
<td>Stakeholder Engagement</td>
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<tr>
<td>Reporting of Risks and Opportunities</td>
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<tr>
<td>Independent Assurance</td>
</tr>
<tr>
<td>Timeliness</td>
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<tr>
<td>Balanced Reporting</td>
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</table>

Reporting Principles in Practice Note 7.6
(Sustainability Reporting Guide)
Scope of Review

Review 2021
- 566 issuers
- Latest sustainability reports* published as at 31 December 2020

Review 2019
- 495 issuers
- Latest sustainability reports* published as at 31 December 2018

NOTE
- Assessment based on sustainability disclosures
- Sustainability performance not directly evaluated

*Sustainability reports can be standalone publications, embedded in annual reports, or integrated reports
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Results: Overall Performance
Overall Results

Average score increased from 60.6 to 71.7

Note: Maximum score = 100
Average Sustainability Reporting Scores: Listing Board

• Catalist issuers outperform Mainboard issuers
• Difference remains small

Note: Catalist (n=181); Mainboard (n=385)
Average Sustainability Reporting Scores: Market Capitalisation

- Positive relationship between scores and market cap remains
- Smaller issuers show the largest improvement

Note: Market capitalisation as at 31 December 2020
Small cap < S$300 million; Md cap S$300 million-S$1 billion; Big cap > S$1 billion
Small cap (n=416); Mid cap (n=72); Big cap (n=78)
Average Sustainability Reporting Scores: Industry Sector

Note: Financials (n=25), Materials (n=33), Consumer Staples (n=34), Health Care (n=30), Consumer Discretionary (n=75), Industrials (n=166), Utilities (n=8), Energy (n=30), Information Technology (n=52), Communication Services (n=14), Real Estate (n=99)
Average Sustainability Reporting Scores: Industry Sector

Illustrative Note on Within-Sector Variation – Financials Sector

- “Financials” comprises a variety of types of financial services – some may not be regulated entities
- Financials sector has the largest variation of scores

<table>
<thead>
<tr>
<th>Sustainability Reporting Score</th>
<th>Average</th>
<th>Standard Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financials</td>
<td>67.9</td>
<td>16.4</td>
</tr>
<tr>
<td>All sectors</td>
<td>71.7</td>
<td>12.5</td>
</tr>
</tbody>
</table>
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Results: Reporting Scope and Components
Reporting Scope

Increase in disclosure of reporting scope

Notes: There is no 2019 comparison for (d) ‘Covers full business operations’
Base (a), (c) and (d) is number of issuers; base for (b) is number of issuers that disclosed reporting scope
Materiality

All issuers disclosed material topics

Note: Base for (a) is number of issuers. Base for (b) to (d) is number of issuers that disclosed material topics
Policies, Practices and Performance

Substantial improvement in reporting performance for targets

Note: Base for (a) and (b) is number of issuers. Base for (c) is number of issuers that disclosed performance data.
Targets

Greater linkage between targets and corporate strategy

- (a) Any target: 92.6% (2019), 77.4% (2021)
- (b) Short-term targets: 72.3% (2019), 40.2% (2021)
- (c) Longer-term targets: 63.2% (2019), 53.0% (2021)
- (d) Linkage between targets and business strategy: 69.8% (2019), 32.9% (2021)
- (e) Linkage between targets and financial performance: 45.6% (2019), 13.8% (2021)

Note: Base for (a) to (c) is number of issuers. Base for (d) and (e) is number of issuers that disclosed targets.
Reporting Framework

Almost 100% compliance for disclosure of reporting framework

- (a) Reporting framework: 91.5% (2019) and 97.7% (2021)
- (b) GRI framework: 98.9% (2019) and 99.1% (2021)
- (c) Framework selection explained: 30.7% (2019) and 46.3% (2021)

Note: Base for (a) is number of issuers. Base for (b) and (c) is number of issuers that disclosed using a reporting framework
Board Statement

Increase in disclosure of Board overseeing management and monitoring of material factors

- Consider sustainability issues as part of strategic formulation: 70.5% (2019) vs. 71.9% (2021)
- Determining material ESG factors: 52.9% (2019) vs. 47.9% (2021)
- Overseeing management and monitoring of material ESG factors: 46.7% (2019) vs. 54.4% (2021)
Results: Key Reporting Principles
Use of Independent Assurances

- Increase in internal assurance
- External assurance remains low

Note: Base for (a) and (b) is number of issuers. Base for (c) is number of issuers that disclosed obtaining assurance.
Balanced Reporting of Favourable / Unfavourable Aspects of Sustainability Performance

Increase in disclosure of unfavourable aspects of performance
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Topics of Interest
Covid-19

- Review only includes reports published as at 31 Dec 2020, thus capturing information up to mid-2020
- Majority of disclosures reflect social and economic issues

<table>
<thead>
<tr>
<th>Category</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>(a) Covid-19 general disclosures</td>
<td>61.3%</td>
</tr>
<tr>
<td>(b) Covid-19 economic disclosures</td>
<td>67.1%</td>
</tr>
<tr>
<td>(c) Covid-19 environmental disclosures</td>
<td>11.2%</td>
</tr>
<tr>
<td>(d) Covid-19 social disclosures</td>
<td>73.2%</td>
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<tr>
<td>(e) Covid-19 governance disclosures</td>
<td>40.6%</td>
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</tbody>
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Base for (a) is number of issuers. Base for (b) to (e) is number of issuers that made disclosures related to Covid-19.
Climate Change

Share of issuers with climate change disclosures expected to rise

- Incorporated as EESG factor: 45.4%
- Included in performance data: 35.7%
- Use of reporting framework: 1.9%
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Summary
Summary: Aspects for Attention

<table>
<thead>
<tr>
<th>Areas with Lowest Disclosure</th>
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<tbody>
<tr>
<td>External assurance</td>
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<tr>
<td>Internal assurance</td>
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<tr>
<td>Impact of risks/opportunities on performance</td>
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<tr>
<td>Coverage of full business operations in reporting scope</td>
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<td>Linking of top executive remuneration to sustainability performance</td>
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Summary: Aspects for Commendation

<table>
<thead>
<tr>
<th>Areas with Highest Disclosure</th>
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<tbody>
<tr>
<td>Material factors</td>
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<tr>
<td>Reporting framework</td>
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<tr>
<td>Performance data</td>
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<tr>
<td>Stakeholders</td>
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<tr>
<td>Targets</td>
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</table>
Summary: Overall

• General improvement in sustainability reporting across listing boards, industry sectors and size categories

• Potential for improvement for specific areas remains

• As companies continue to mature in sustainability reporting, they will be better prepared to manage emerging risks and opportunities

• Scope for further policy enhancements in particular aspects such as assurances and climate change