



Centre for Governance and Sustainability  
NUS Business School

# **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

# **SUSTAINABILITY REPORTING REVIEW 2021**

## 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

## Five Pillars of the Green Plan



- 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

# **SUSTAINABILITY REPORTING REVIEW 2021**

## Methodology

# Assessment Framework (I)

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

| Category                            | Weightage |
|-------------------------------------|-----------|
| General Scope                       | 10%       |
| Material ESG Factors                | 20%       |
| Policies, Practices and Performance | 20%       |
| Targets                             | 20%       |
| Sustainability Reporting Framework  | 15%       |
| Board Statement                     | 15%       |
|                                     | 100%      |

General Reporting Scope  
+  
Five Primary  
Components in  
Listing Rule

# Assessment Framework (II)

Additional assessment is conducted on the reporting principles

## Reporting Principles Assessed

Stakeholder Engagement

Reporting of Risks and Opportunities

Independent Assurance

Timeliness

Balanced Reporting

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

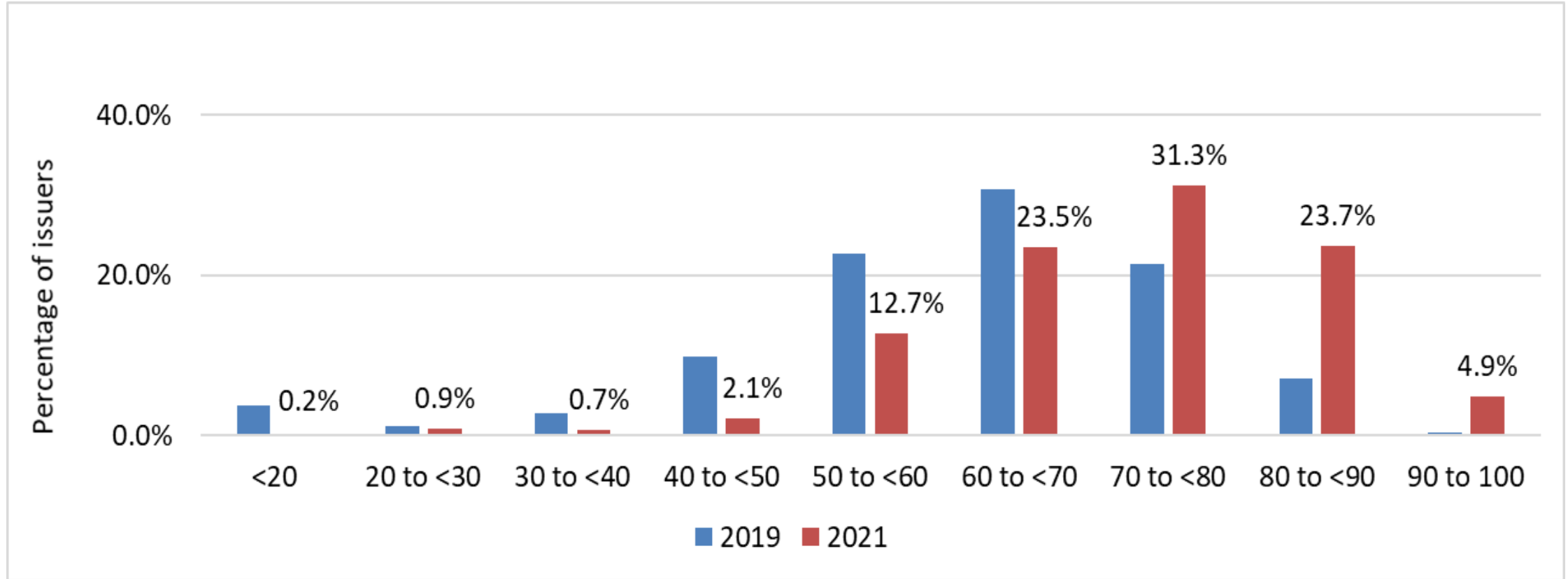
\*Sustainability reports can be standalone publications, embedded in annual reports, or integrated reports

# **SUSTAINABILITY REPORTING REVIEW 2021**

## Results: Overall Performance

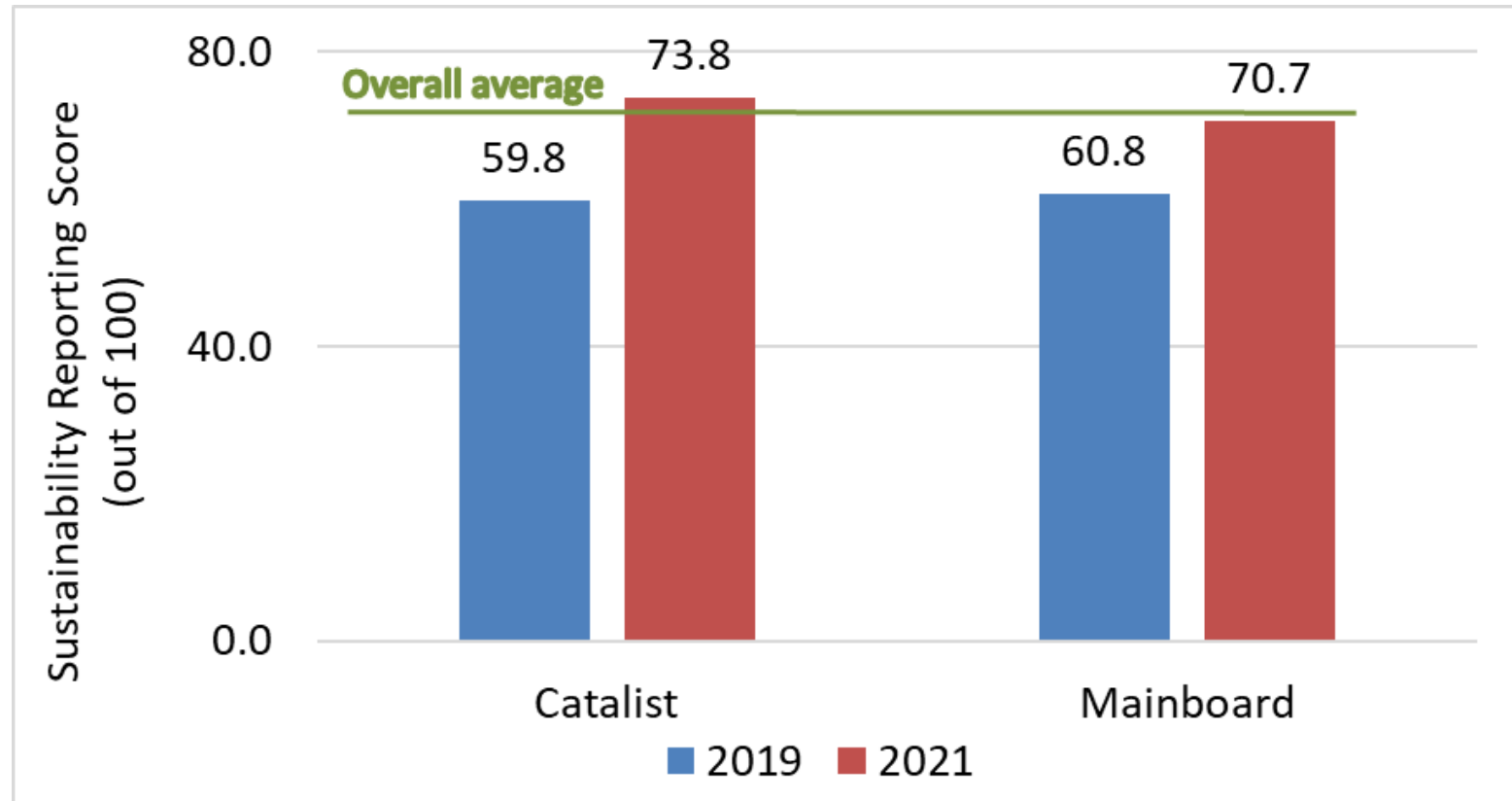
# Overall Results

Average score increased from 60.6 to 71.7



Note: Maximum score = 100

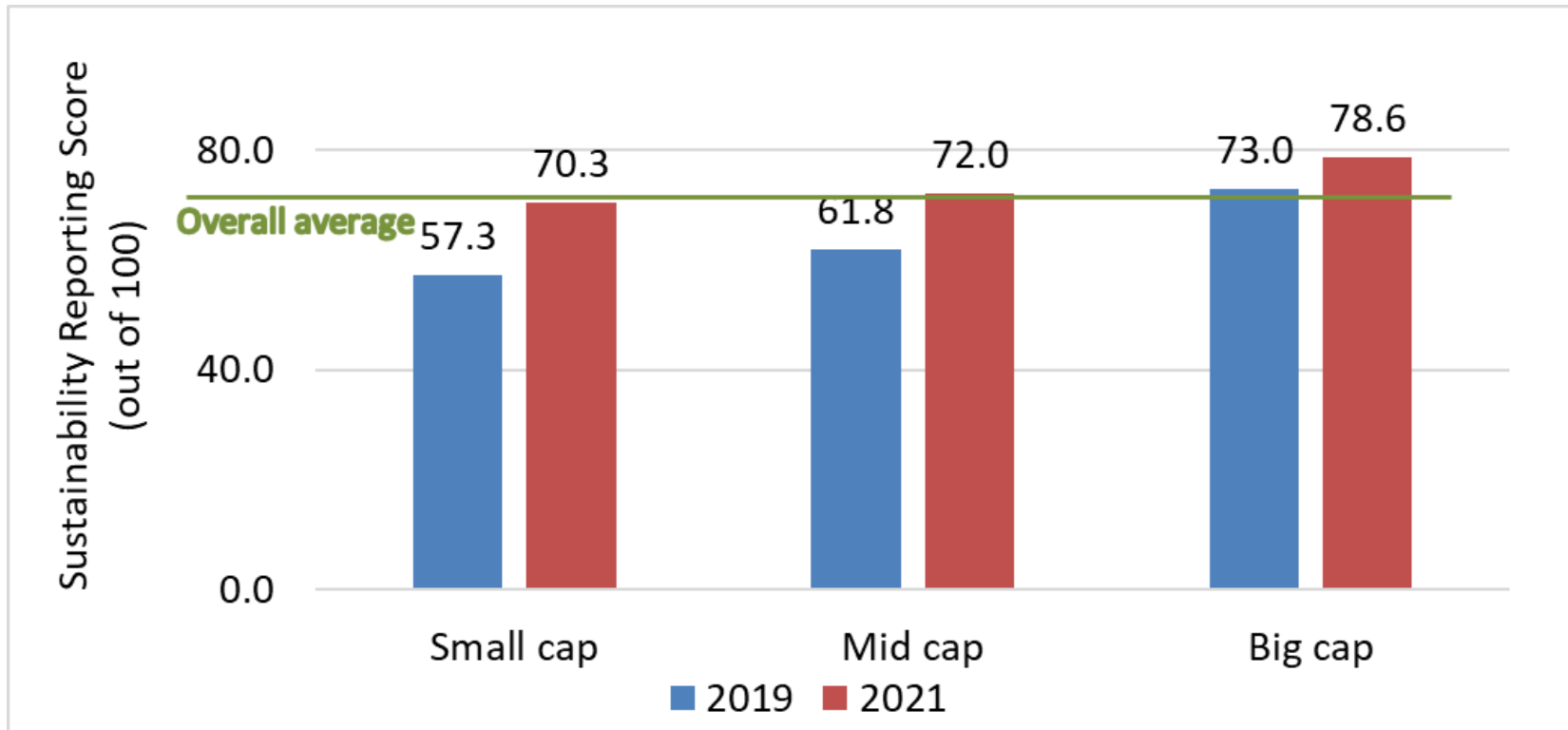
# Average Sustainability Reporting Scores: Listing Board



Note: Catalist (n=181); Mainboard (n=385)

- Catalist issuers outperform Mainboard issuers
- Difference remains small

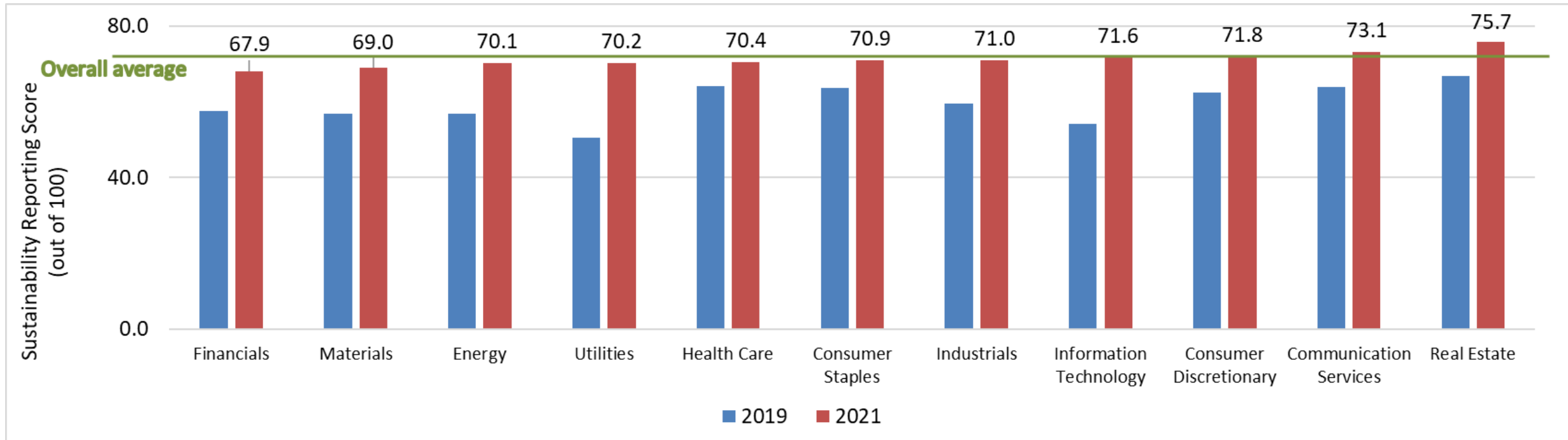
# Average Sustainability Reporting Scores: Market Capitalisation



- 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; Mid 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

|             | Sustainability Reporting Score |                    |
|-------------|--------------------------------|--------------------|
|             | Average                        | Standard Deviation |
| Financials  | 67.9                           | 16.4               |
| All sectors | 71.7                           | 12.5               |

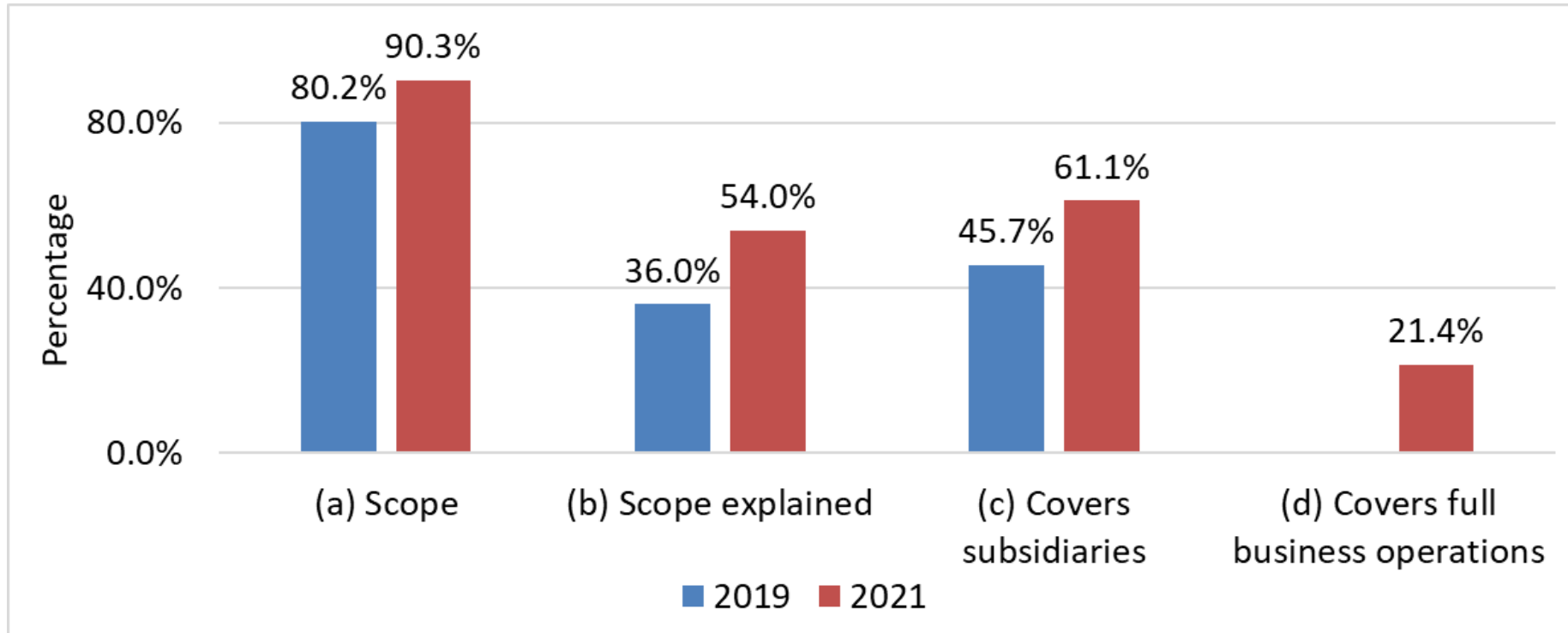


# **SUSTAINABILITY REPORTING REVIEW 2021**

## Results: Reporting Scope and Components



# Reporting Scope

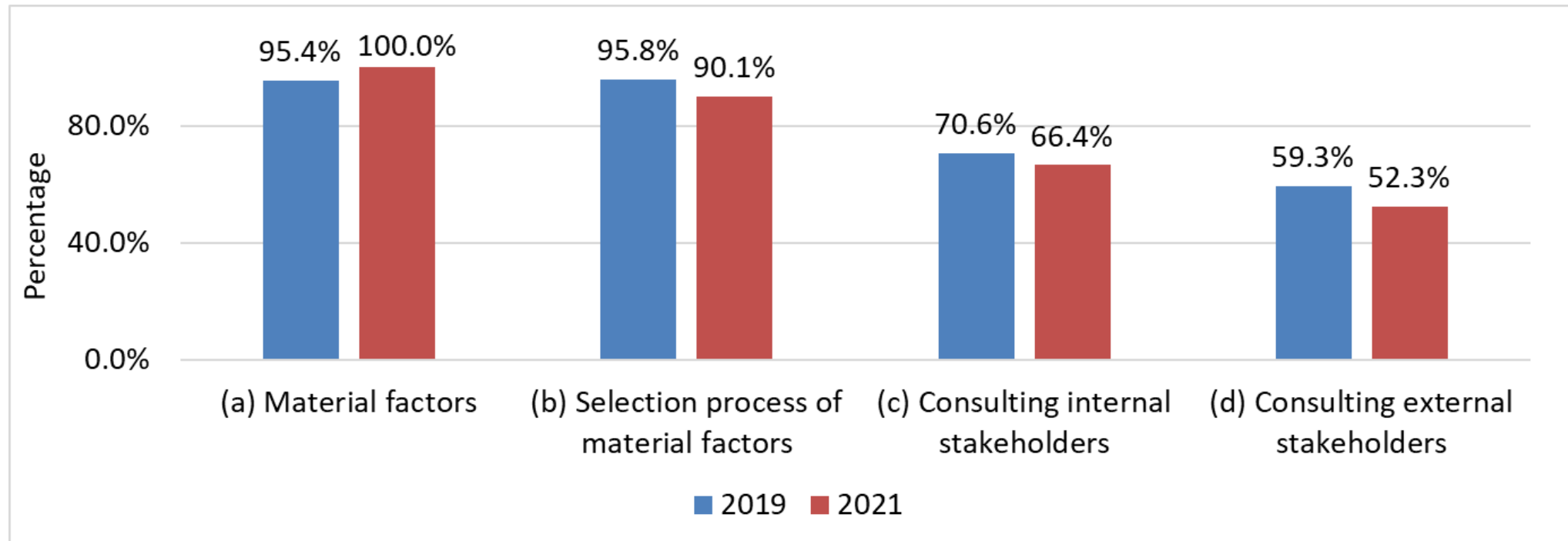


Increase in disclosure of reporting scope

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

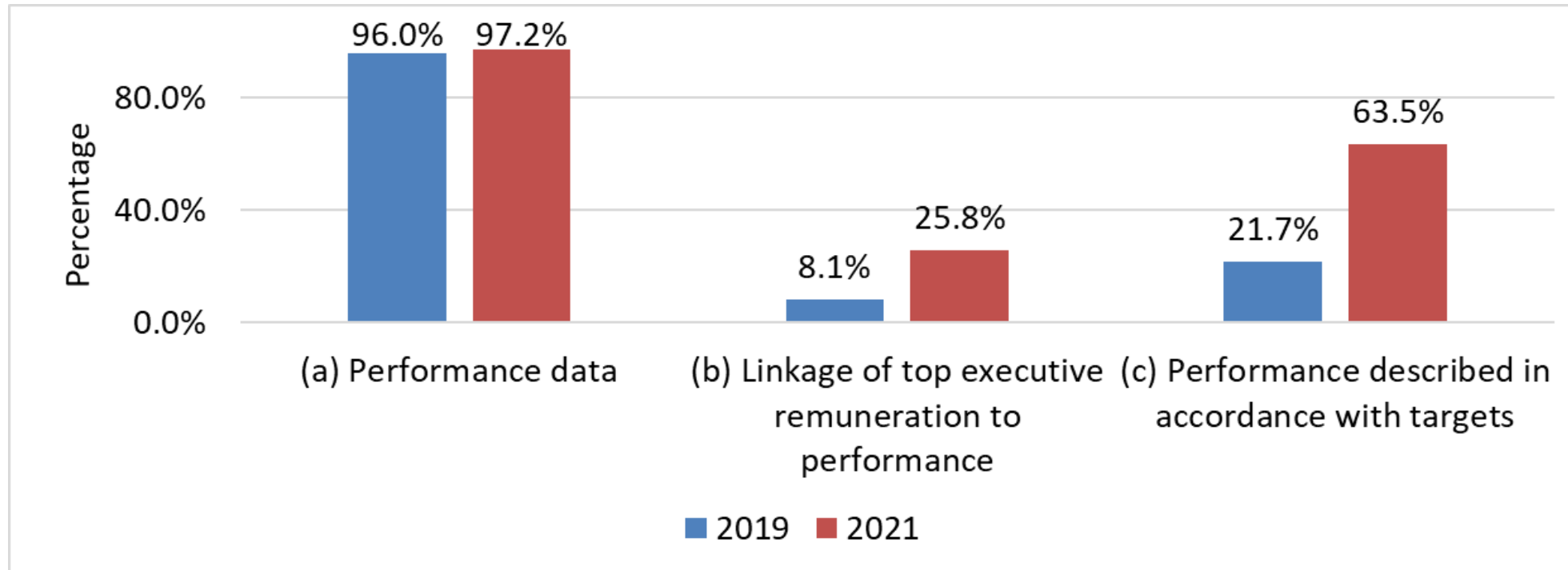
All issuers disclosed material topics



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

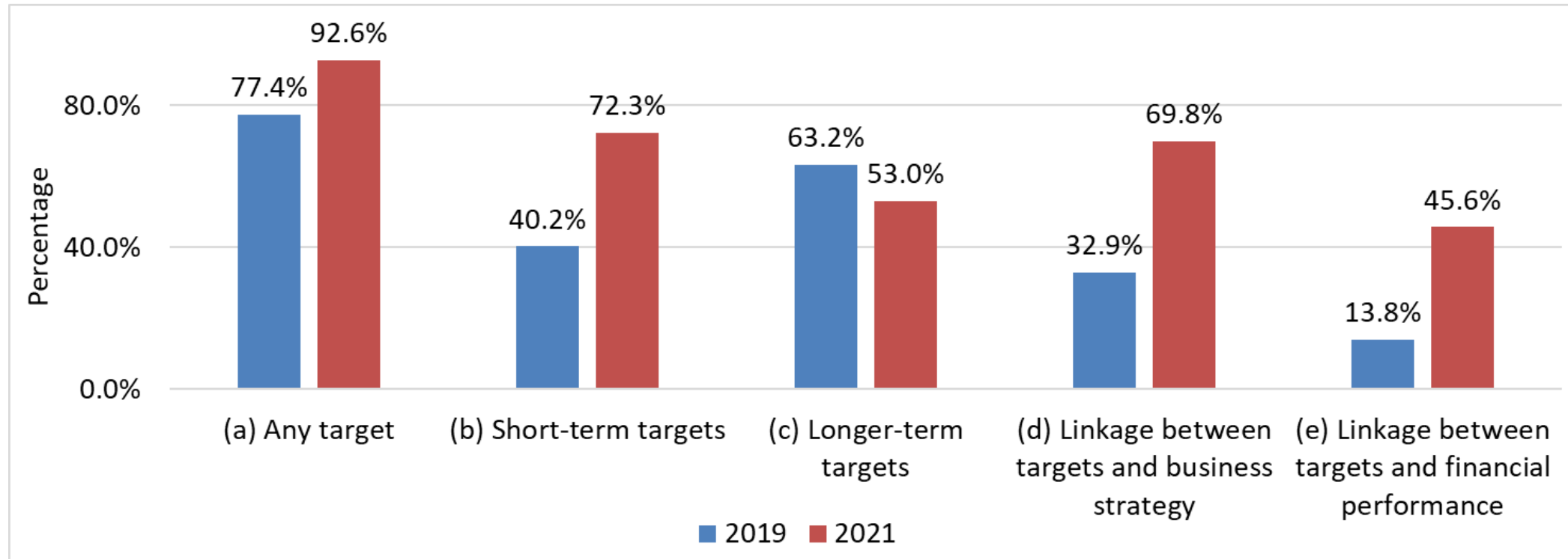
Substantial improvement in reporting performance for targets



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

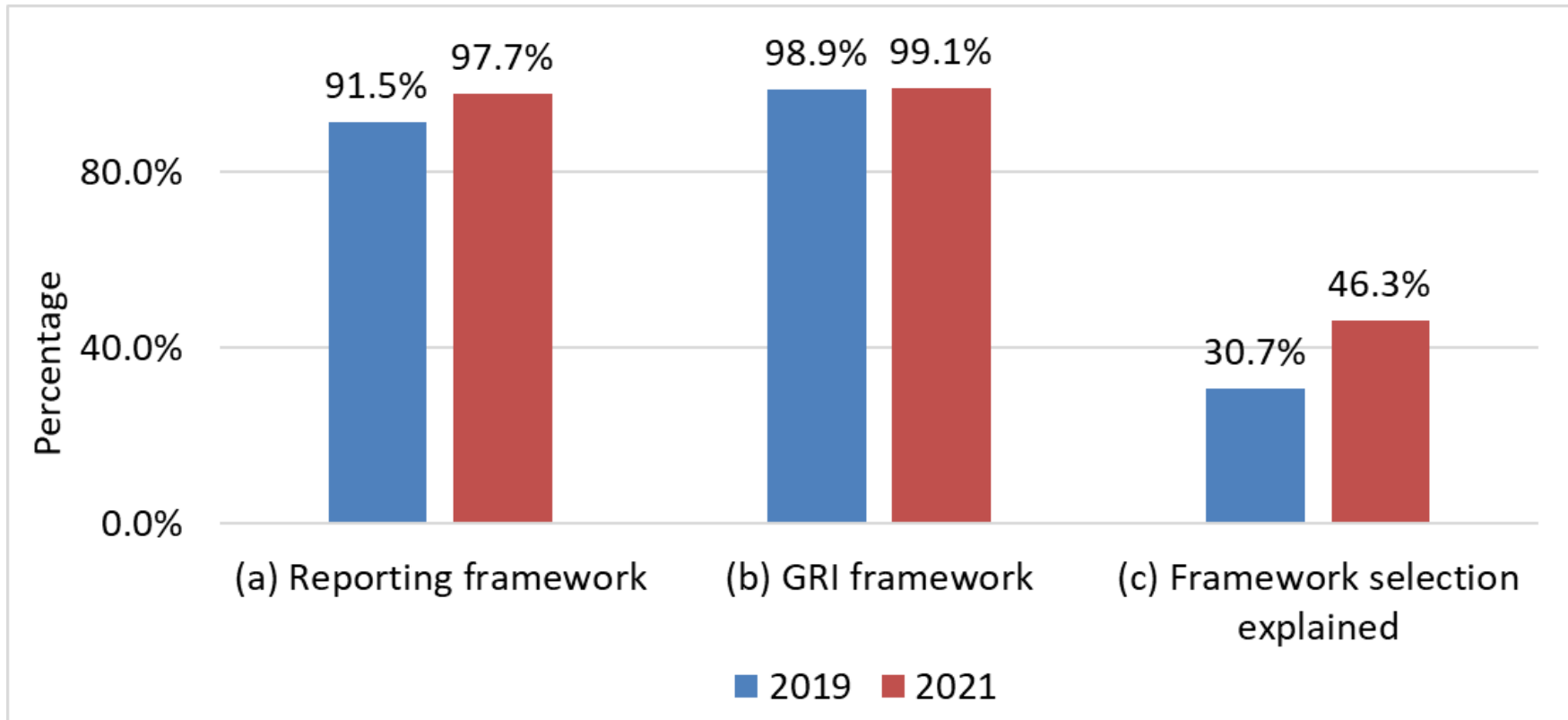
# Targets

## Greater linkage between targets and corporate strategy



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

# Reporting Framework

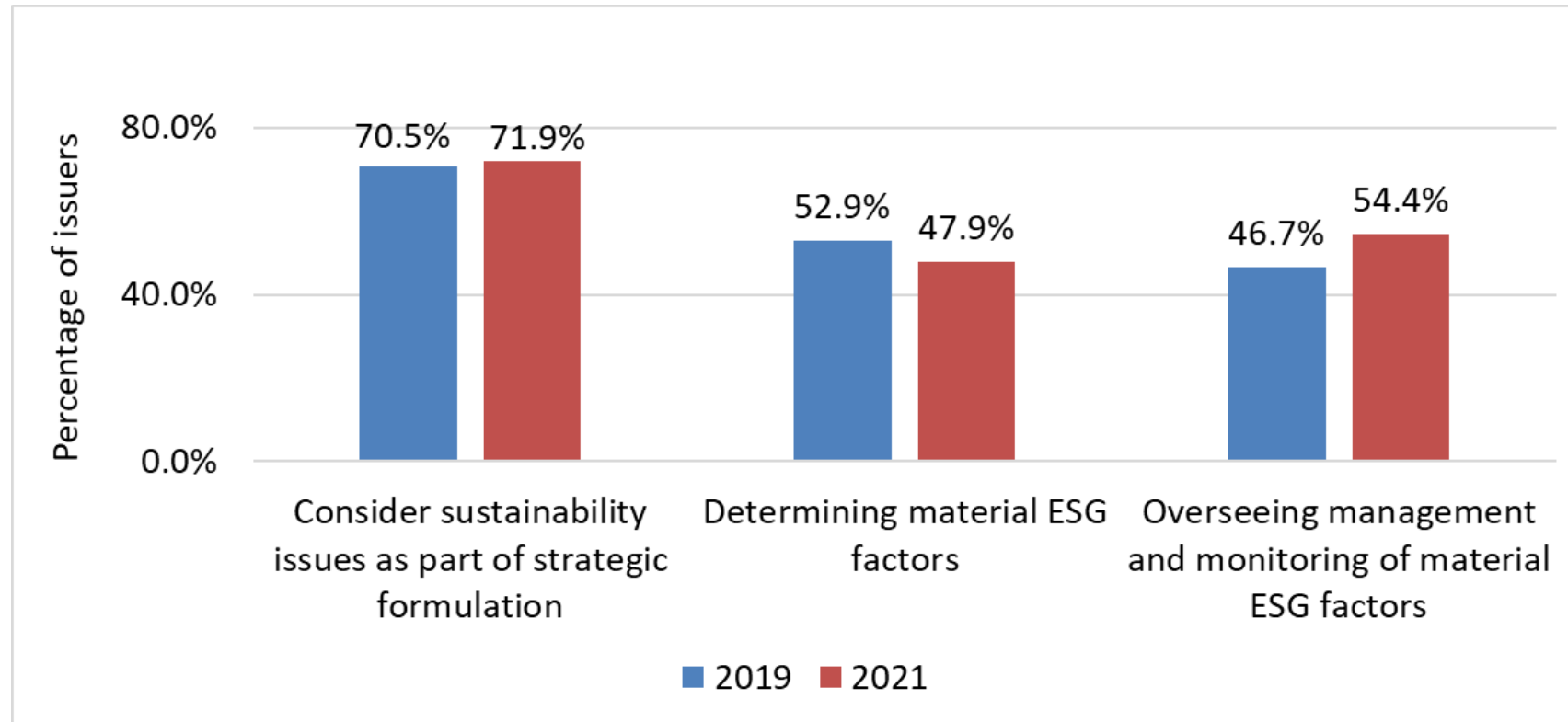


Note: Base for (a) is number of issuers. Base for (b) and (c) is number of issuers that disclosed using a reporting framework

Almost 100%  
compliance for  
disclosure of  
reporting  
framework

# Board Statement

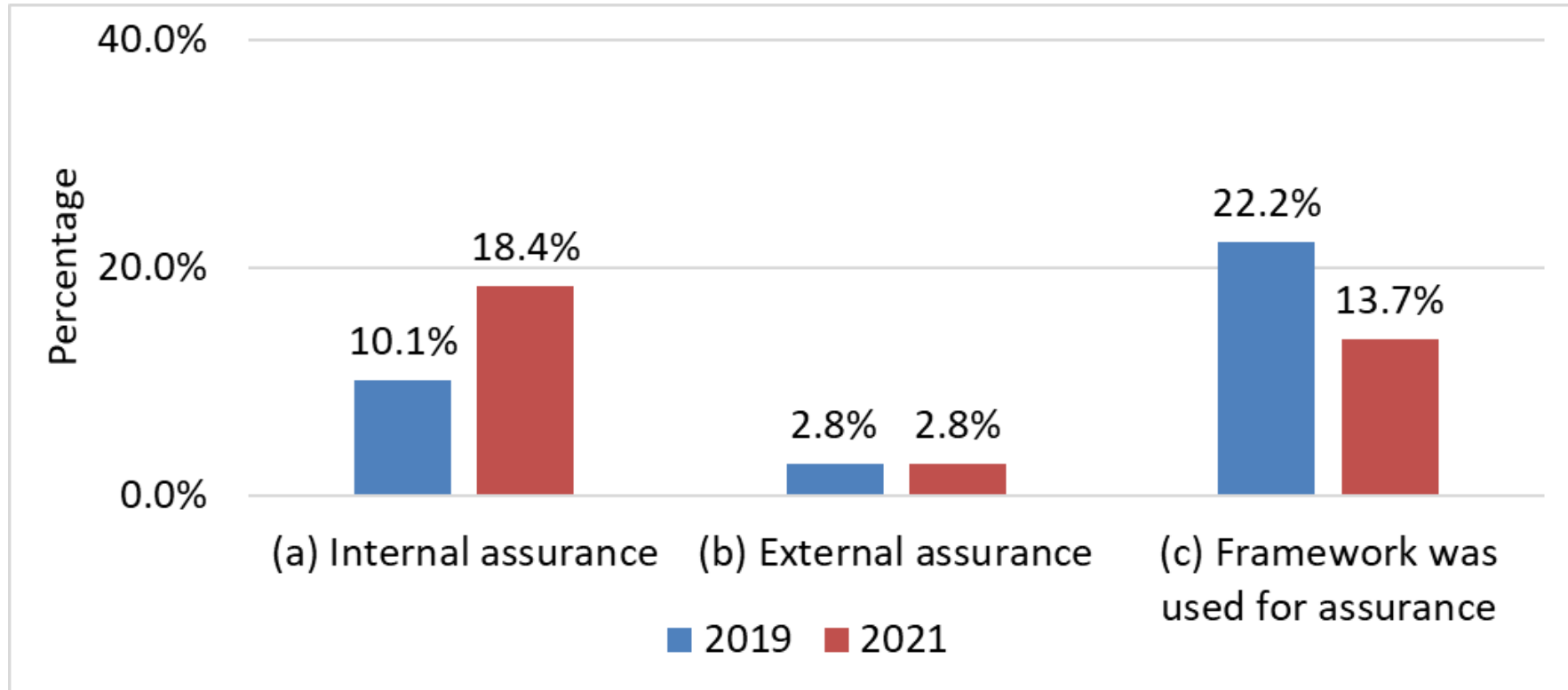
Increase in disclosure of Board overseeing management and monitoring of material factors



# **SUSTAINABILITY REPORTING REVIEW 2021**

## Results: Key Reporting Principles

# Use of Independent Assurances

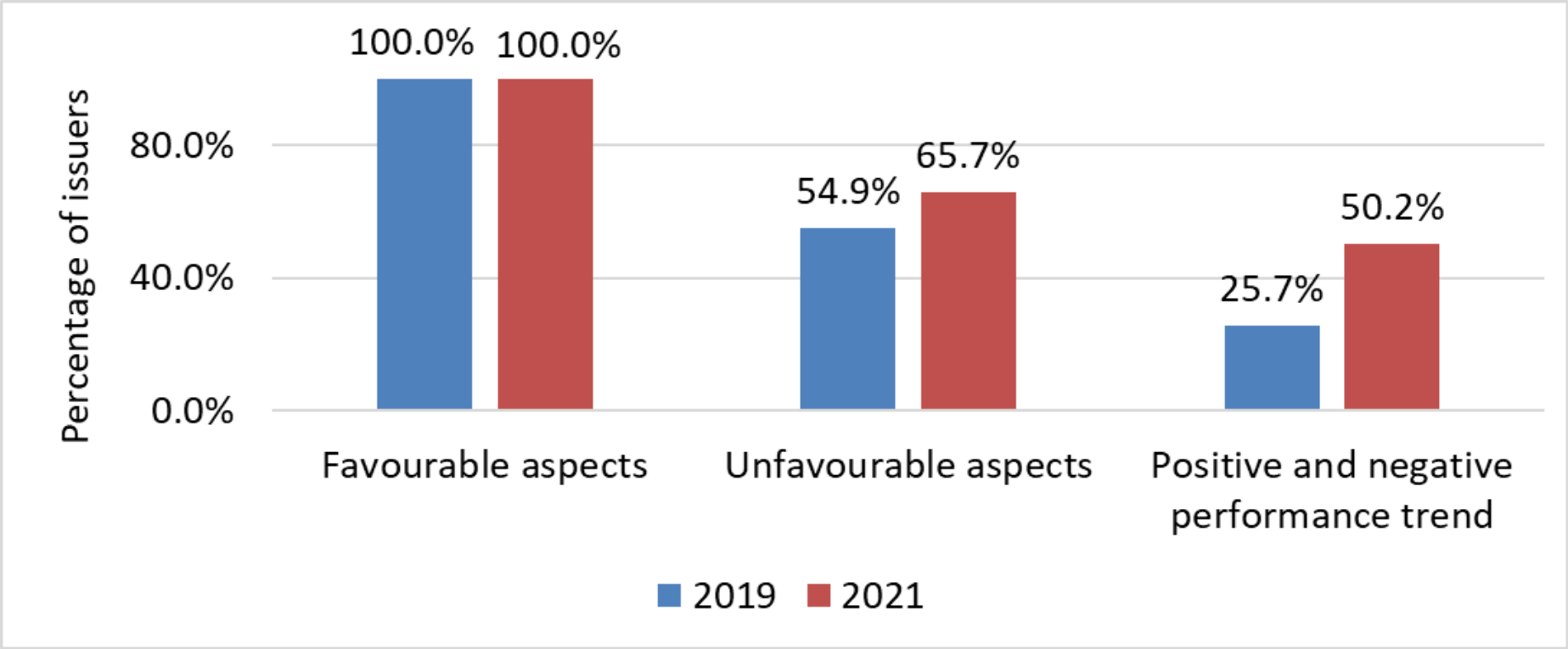


Note: Base for (a) and (b) is number of issuers. Base for (c) is number of issuers that disclosed obtaining assurance

- Increase in internal assurance
- External assurance remains low



# Balanced Reporting of Favourable / Unfavourable Aspects of Sustainability Performance



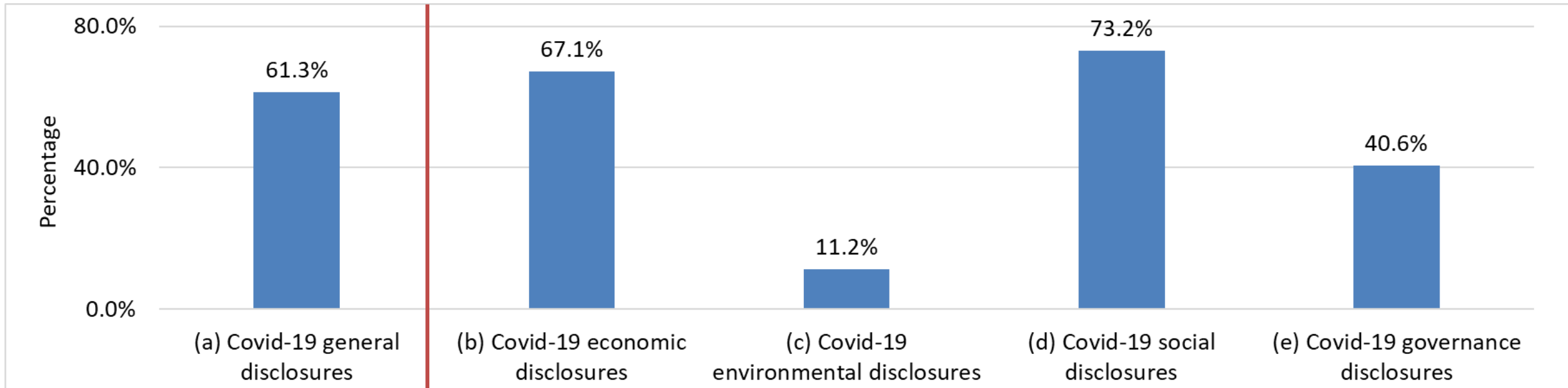
Increase in disclosure of unfavourable aspects of performance

# **SUSTAINABILITY REPORTING REVIEW 2021**

## Topics of Interest

# Covid-19

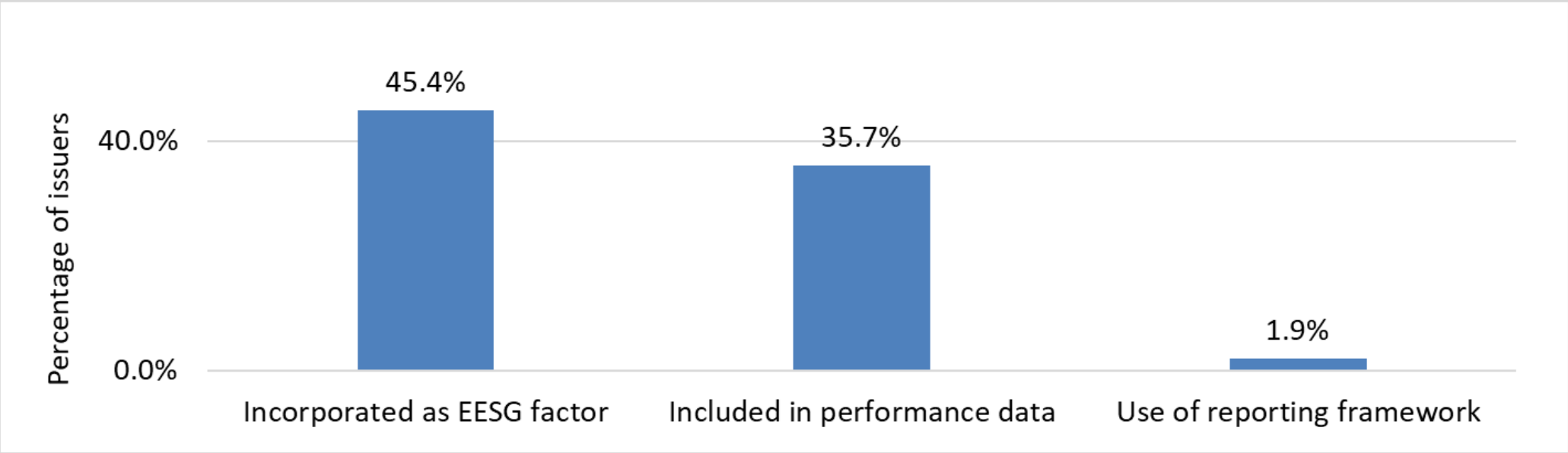
- Review only includes reports published as at 31 Dec 2020, thus capturing information up to mid-2020
- Majority of disclosures reflect social and economic issues



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



# **SUSTAINABILITY REPORTING REVIEW 2021**

## Summary

# Summary: Aspects for Attention

## Areas with Lowest Disclosure

External assurance

Internal assurance

Impact of risks/opportunities on performance

Coverage of full business operations in reporting scope

Linking of top executive remuneration to sustainability performance

# Summary: Aspects for Commendation

## Areas with Highest Disclosure

Material factors

Reporting framework

Performance data

Stakeholders

Targets

## 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