

SUSTAINABILITY REPORTING IN SINGAPORE

The State of Practice among Singapore Exchange (SGX)
Mainboard Listed Companies 2015

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ABOUT ASEAN CSR NETWORK (ACN)

In line with the achievement of an ASEAN Community, the ASEAN CSR Network (ACN) was established in 2011 through the ASEAN Foundation with a mandate to ensure that corporate social responsibility (CSR) is incorporated in the corporate agenda and contributes towards sustainable socio - economic development in ASEAN Member States.

As a regional organisation, the ACN provides a platform for networking and cooperation at the ASEAN level, supports capacity-building and training activities, helps catalyse collective action on key issues, and provides a link with regional and international bodies interested in supporting the advancement of CSR in the region.

For more information, please visit www.asean-csr-network.org

ABOUT CGIO NUS

The Centre for Governance, Institutions and Organisations (CGIO) was established by the National University of Singapore (NUS) Business School in 2010. It aims to spearhead relevant and high-impact research on governance issues that are pertinent to Asia, including corporate governance, governance of family firms, state-owned-enterprises, business groups, and institutions. The CGIO also organises events such as public lectures, industry roundtables, and academic conferences on topics related to governance.

For more information, please visit www.bschool.nus.edu.sg/cgio

EXECUTIVE SUMMARY

Following up from two previous sustainability reporting studies in 2011 and 2013, the ASEAN CSR Network (ACN) and the Centre for Governance, Institutions and Organisations (CGIO) of NUS Business school conducted a study on the sustainability communication of 502 Mainboard-listed companies on the Singapore Exchange (SGX) in 2015 and found that:



24

adopted Global Reporting Initiative (GRI) framework

20

prepared sustainability reports 'in accordance' with GRI guidelines

8

sought external assurance

24

listed material aspects identified, of which most disclosed aspects are: Occupation, Health and Safety; Diversity and Equal Opportunity; Training and Education

Potential factors affecting the level of disclosure include Framework, Blue Chip effect, Government-Linked companies (GLCs) effect and Newness effect.



Same as the findings in 2013, companies disclosed the least information on their environmental impact



1. INTRODUCTION

Sustainability Reporting and its Benefits

The emerging trend of sustainability reporting from companies reflects their awareness on the benefits and usefulness of doing so. It forms a core component of businesses' Corporate Social Responsibility (CSR) practice that assesses and discloses non-financial information about their business operations and practices. Effective sustainability reporting enables companies to review the effects of their business operations, so that they become more aware of their operational efficiency and thus, could work towards increasing its sustainability efforts. They can then streamline unnecessary processes to improve efficiencies and reduce costs.

With the increased awareness on sustainable business practices globally, sustainability reporting also allows companies to be attuned to legislation and performance standards, so as to mitigate criticisms and any potential penalties associated with environmental and social risks. Thus, this allows for companies to better formulate adept long-term strategies and policies for resilient business models.

On the whole, well-employed sustainability reporting ensures that companies do integrate sustainable practices into their operations and provides them leverage to better develop competitive advantages and value creation. It also presents greater assurance to stakeholders on their business as they become well informed of the businesses they are investing in.

Global Reporting Initiative (GRI) and the Global Sustainability Reporting Landscape

Sustainability reporting has increasingly gained recognition and acclaim from companies worldwide and has also evolved both globally and regionally. Recognising the values of doing so, reporting non-financial information has now become a well-entrenched business practice in many parts of the world. In Asia, the understanding of sustainability reporting has also developed and matured, having shifted from regarding it as doing the right thing for society to being socially responsible and accountable for the business operations of the company.

The GRI guidelines have been instrumental when promoting sustainability reporting in businesses internationally. These guidelines form a set of an extensive and comprehensive quantitative framework that is widely recognised as a global standard for sustainability reporting. In May 2013, GRI released the newer G4 guidelines and announced that application level checks based on previous G3 and G3.1 Sustainability Reporting Guidelines would be discontinued with effect from 1 January 2016. Currently, only the G4 guidelines are recognised.

State of Sustainability Reporting in Singapore

Greater focus from the public on sustainability came amid the regional haze crisis in 2015, of which revealed the presence of potential corporate negligence in sustainable business practices.

Currently, sustainability reporting is practised on a voluntary basis. However, this landscape is set to change as from financial year ending on or after 31 December 2017, sustainability reporting will be enforced on as a 'comply or explain' basis for all SGX-listed companies. Under Listing Rule 711A of SGX listing rules, every listed issuer is to prepare an annual sustainability report that must describe its sustainability practices with reference to the primary components set out in Listing Rule 711B² on a 'comply or explain' basis. In cases where the company issuer is unable to report on any primary component, it must state so and explain what it does instead, and reasons for doing so.

2. OBJECTIVE OF CURRENT STUDY

Within this study, both ACN and CGIO attempt to look into the comprehensiveness and depth of sustainability disclosure by listed companies in Singapore, in order to understand the current landscape of sustainability reporting here. The study will investigate the rate of reporting and comprehensiveness of information disclosed by companies, through a systematic method of observing if communication satisfies existing sustainability reporting guidelines; mainly the GRI G4. This study also looks into General Standard Disclosures such as Strategy and Analysis, Materiality and Stakeholder Engagement in companies, so as to provide insights on sustainability topics in Singapore.

Following the GRI as a guiding reference and from the findings observed, a greater understanding on the trends and key factors influencing sustainability reporting can be acquired. Additionally, this study also seeks to analyse if any changes have been made in sustainability reporting since the previous study.

² The primary components are (a) material environmental, social and governance factors, (b) policies, practices and performance, (c) targets, (d) sustainability reporting framework, and (e) Board statement.

3. SCOPE OF STUDY

The sample size for this study involved 502 companies listed on the SGX Mainboard, as of 30 June 2015. The sample excluded delisted companies, secondary listings, suspended companies and both secondary and suspended companies (Table 1). The duration of this study covered public information provided by companies up to 31 December 2015.

	No. of Companies	
Listed on SGX Mainboard as of 30 June 2015	576	
Delisted	10	
Excluded	Secondary listings	31
	Suspended companies	32
	Secondary and suspended companies	1
Total sample size (companies considered for the study)	502	

Table 1: Sample size of research

The 502 companies are grouped into the following 11 sectors³ (Figure 1) using the SGX Sector Classification. This is in accordance with the Singapore Standard Industrial Classification (SSIC) 1996.

SGX Mainboard Listed Companies in Research Study (as of 31 December 2015)

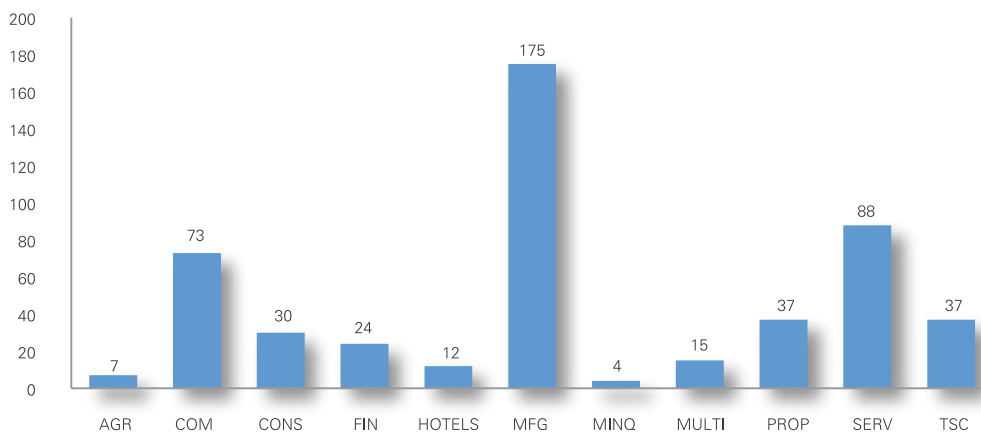


Figure 1: Number of companies by sector

³ The letters in brackets of figure 1 indicate abbreviations for the respective sectors.

4. DEFINITION AND ASSUMPTIONS

Sustainability Reporting

For the purposes of this study, 'sustainability reporting' is defined as the disclosure of non-financial information that is publicly available and provided by companies to its stakeholders. This non-financial information includes the disclosure of governance, economic, environmental and social aspects of its business operations. Additional general standard disclosures such as strategy and analysis, materiality and stakeholder engagement are also accounted for. As it encourages companies to be transparent about details of their operations, it thereby reflects their commitment to be responsible and accountable for their practices. In the case of this study, a company must provide information at least in the environmental or social aspects of its business, in order to constitute as having communicated its sustainability efforts. The provision of information on governance and economic aspects alone will not qualify as sustainability reporting. This is because publicly listed companies in Singapore are already mandated to provide such disclosure under the SGX listing rules.

Accessibility of Information

When companies choose to communicate sustainability, they could do so by either communicating their sustainability practices on their corporate website, having a standalone sustainability report or having them embedded in the annual report. A standalone report is either a sustainability report or a CSR report and it represents a complete and comprehensive type of sustainability reporting that a company is encouraged to do. Furthermore, the latter two communication mediums can be supplemented either with or without additional communication on their corporate website. All three mediums should be publicly available and readily accessible to all stakeholders.

Companies that include overly generic information of CSR or sustainability are not considered as having adequately communicated their sustainability efforts. They are required to have a valid annual report, of which its financial year ought to fall between 1 January 2014 and 31 December 2015. The most recent form of sustainability reporting, whether it is communicated in their annual report, standalone sustainability report or on their corporate website, is considered for this study.

Practicing versus Communicating Sustainability

This study assesses companies through their rate of reporting and comprehensiveness of information by measuring the level of disclosure from the information provided. This assessment of disclosures made on their sustainability practices does not seek to evaluate the companies' actual sustainability activities and performance. It is, however, indirectly assumed that a company's actual and implemented sustainable business practices are reflected through its sustainability reports and communications.

Government-Linked Companies (GLCs)

In this report, we defined a company as a GLC if Temasek has a substantial shareholding (unit holding) of 20% or more in the firm as of FY2014. The use of 20% as a threshold is consistent with past studies (Sim, Thomsen & Yeong, 2014).

Assessment as Separate Entities

When a company is part of a larger group, each company is assessed as a separate entity. Even though the group may have sustainability practices across all entities, of which are mainly communicated by the parent company, individual entities will not be regarded as communicating sustainability if they do not communicate their efforts independently. The rationale for this is to prevent the overstating of reporting in individual entities proportionate to their efforts.

Other than being classified into their respective sector, companies in this study are also classified according to their market capitalisation. The market capitalisation of a small company is defined as less than S\$300 million, between the range of S\$300 million and S\$1 billion represents a medium-sized company while over S\$1 billion represents a large company.

Materiality

When companies consider operations as material to their business, they recognise that some information of their operations are important to potential investors making investment decisions. Based on the GRI, materiality is the principle of covering “topics that have a direct or indirect impact on an organisation’s ability to create, preserve or erode economic, environmental and social value for itself, its stakeholders and society at large”. Therefore, omission of disclosure of material information from its sustainability report could influence decisions that investors make on the basis of financial information.

5. RESEARCH PROCESSES



Figure 2: Overall flow of research process

From a sample of 502 companies that was considered for this study, a further selection of companies that communicated sustainability was distinguished. This was done in accordance to the accessibility of information available from their communication of sustainability. As aforementioned, companies that communicated sustainability did so by communicating their sustainability practices on their corporate website, having a standalone sustainability report, or having them embedded in the annual report.

These companies that practiced sustainability reporting are subsequently assessed on the comprehensiveness of their reporting based on two frameworks. These frameworks were adapted following the GRI G4 guidelines and the Code of Corporate Governance, as well as the SGX’s ‘Guide to Sustainability Reporting for Listed Companies’. Data findings were then collated and analysed to fulfil the relevant objective of this study and are presented in two separate sections according to each framework used. Such findings include the overall quality of sustainability disclosure of companies in Singapore, as well as that of the industry sectors here. Figure 2 represents an overall flow of the research process involved in this study.

6. METHODOLOGY

Assessing Level of Disclosure with reference to GRI G4 Guidelines

GRI standards are well established in the global sustainability reporting landscape and are also internationally recognised. The guidelines provide a holistic and structured framework to attain a comprehensive assessment of sustainability policies and practices of companies.

The methodology framework for this study is derived from the GRI G4 guidelines and the Code of Corporate Governance. They serve as a rigorous global standard for assessing the sustainability reporting of SGX Mainboard listed companies. The extensive assessment framework is condensed into 23 criteria, which were in turn grouped into the four following indicators; Governance, Economic, Environmental and Social. This framework is also largely similar to the framework used in both the 2011 and 2013 sustainability reporting studies (Thomas & Chin, 2011; Loh, Low, Sim & Thomas, 2014).

The depth of disclosure was analysed through the assignment of scores ranging from 1 to 5 for each criterion. 1 point was awarded if there was no information provided or specified for the particular criterion, while 5 points were awarded if detailed information substantiated with measurements were furnished. The total score under each indicator was then converted to a base score out of 20. Subsequently, the sum of these scores across the four indicators makes the total score base to be 100, with each indicator weighted equally. This score obtained reflects the overall level of sustainability disclosure of the company to the areas of assessment in this methodology. This level of disclosure also reflects the quality of sustainability disclosure of the company.

While the 2013 study employed a methodology based on the previous GRI 3.1 guidelines, the deviation in methodology to reflect the transition to the G4 guidelines in this study is minimal. Analysis and findings are adjusted, where necessary, to ensure comparability of information in both years.

Assessing General Standard Disclosures

Disclosures on three other areas: Strategy and Analysis, Materiality and Stakeholder Engagement, were also reported for companies in this study. These general standard disclosures are applicable to all companies or organisations preparing a sustainability report. A total of eight criteria fall under these areas and companies are assessed based on whether the relevant disclosures were made on each criterion.

Assessing Level of Disclosure with reference to SGX's 'Guide to Sustainability Reporting'

The SGX's 'Guide to Sustainability Reporting' was conceived to address the concerns companies in Singapore had, with issues pertaining to communicating their sustainability efforts to stakeholders. The guide, which references international sustainability reporting standards such as the GRI and ISO 26000 Guidance on Social Responsibility, provides direction on reporting environmental and social issues. This goes 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, the methodology derived from SGX's 'Guide to Sustainability Reporting' serves as a local baseline in the assessment of the Mainboard listed companies here.

With reference to the guidelines, a coding manual was derived to determine the level of disclosure of companies. Companies were similarly assessed based on four broad indicators: Foundational Principles, General, Environmental and Social.

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

7. GENERAL FINDINGS

Medium of Reporting

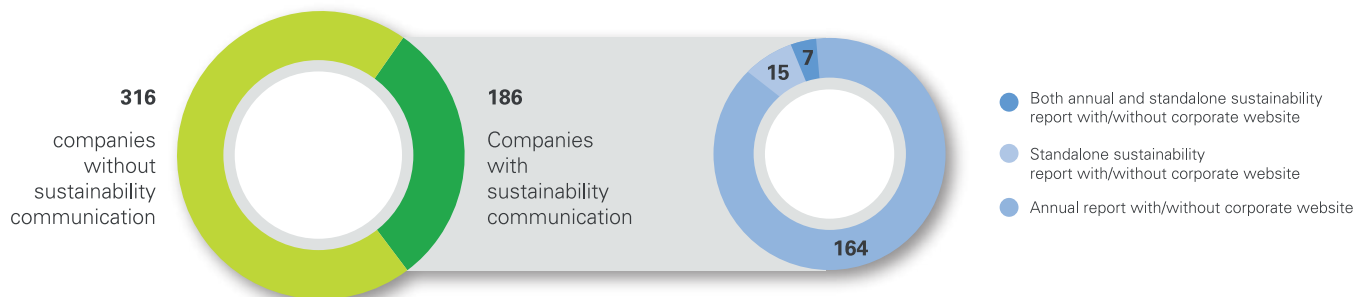


Figure 3: Sustainability communication of SGX mainboard listed companies

	Year			
	2009	2011	2013	2015
Number of companies that communicated sustainability	64	79	160	186

Table 2: Comparison on number of companies communicating sustainability

186 out of 502 listed companies, or equivalently 37.1% of companies, were observed to have communicated their sustainability practices through the mediums aforementioned. Majority of companies (164 companies) made their sustainability disclosures through a section in their annual reports, while only 15 companies had a standalone sustainability report. Generally, companies with a standalone report tend to have more comprehensive disclosures, and display more effort in integrating sustainable business practices as part of the company's strategies and operations. The remaining 7 companies produced both an integrated annual report and a standalone report. All these reports are either supplemented with or without sustainability communication on their corporate website (Figure 3).

Table 2 represents an overview of the increasing trend in the number of companies communicating sustainability in Singapore over the years. The number of companies communicating sustainability had grown steadily from 64 in 2009, 79 in 2011, 160 in 2013 and eventually to 186 companies in 2015 respectively. This could highly be attributed to companies recognising the value and benefits of sustainability reporting, despite it not being a requirement yet.

Framework of Reporting

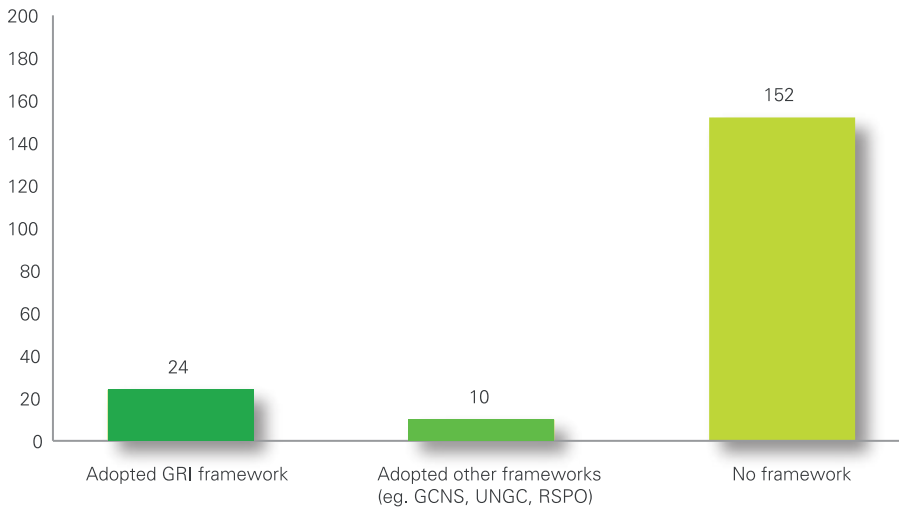


Figure 4: 24 adopted GRI framework; 10 Adopted other frameworks or no framework

In this study, 24 companies adopted the GRI framework to produce their sustainability reports, of which is an increase from 19 companies in 2013. In addition to the GRI framework, other common guidance and globally-recognised frameworks adopted included the Global Compact Network Singapore (GCNS), United Nations Global Compact (UNGC) and Roundtable Sustainable Palm Oil (RSPO). Only 10 companies adopted these other frameworks as their sole referencing guidelines. The remaining 152 companies did not adopt any framework as a guideline for their sustainability reporting (Figure 4).

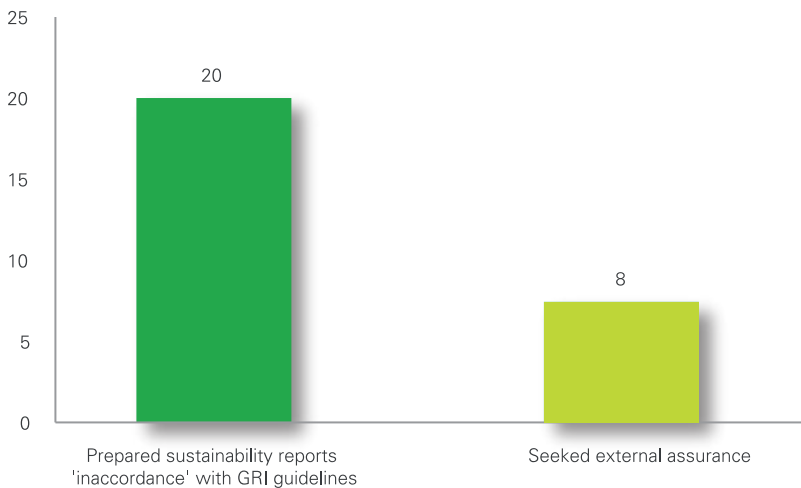


Figure 5: Number of companies that prepared sustainability reports 'in accordance' with GRI guidelines and sought external assurance

Out of the 24 companies that adopted the GRI framework, 20 of them prepared their sustainability reports 'in accordance' with the guidelines. 17 companies were observed to report according to the Core option while remaining 3 companies reported according to the Comprehensive option.

Additionally, 8 companies had their sustainability reports externally assured (Figure 5) and this result was observed to be the same in 2013. Only a small number of companies did so as such practice of external audit checks for non-financial disclosures is not mandatory and is a relatively new development in the sustainability reporting landscape.

Sustainability Communication by Sector

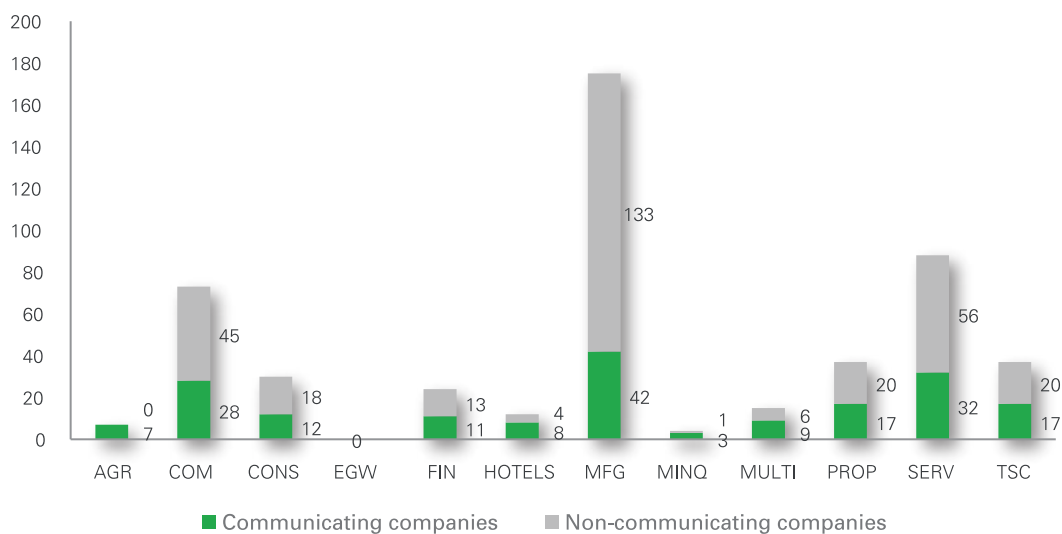


Figure 6: Number of companies on sustainability by sector in 2015

Number of companies communicating sustainability efforts	2013	2015
Agriculture (AGR)	7	7
Commerce (COM)	22	28
Construction (CONS)	10	12
Electricity, Gas and Water (EGW)	0	0
Finance (FIN)	9	11
Hotels/Restaurants (HOTELS)	5	8
Manufacturing (MFG)	42	42
Mining & Quarrying (MINQ)	1	3
Multi-Industry (MULTI)	8	9
Properties (PROP)	16	17
Services (SERV)	24	32
Transport, Storage & Communications (TSC)	17	17

Table 3: Number of companies communicating sustainability by sector in 2013 and 2015

Consistent across most sectors, the number of companies in each sector that communicated sustainability has increased over the years, from 2013 to 2015. There are 6 more companies in Commerce and 8 more companies in the Services sector communicated sustainability (Table 3). The rate of communication of companies in the Agriculture and Manufacturing sectors remained constant. However, the Agriculture sector had the highest sustainability communication rate relative to other sectors, as it had all 7 companies in the study communicating sustainability (Figure 6). The Hotels, and Mining and Quarrying sectors also had a high communication rate of 66.7% and 75.0% respectively; 8 out of 12 companies in the Hotels sector, and 3 out of 4 companies in the Mining and Quarrying sector communicated sustainability. On the contrary, the Manufacturing and Services sectors had the lowest communication rate amongst their companies. Even though both sectors had the most number of companies that communicated sustainability, only 24.0% (42 out of 175) of companies in Manufacturing sector communicated sustainability while 36.4% (32 out of 88) of companies in Services sector did so.

Level of Disclosure by Market Capitalisation

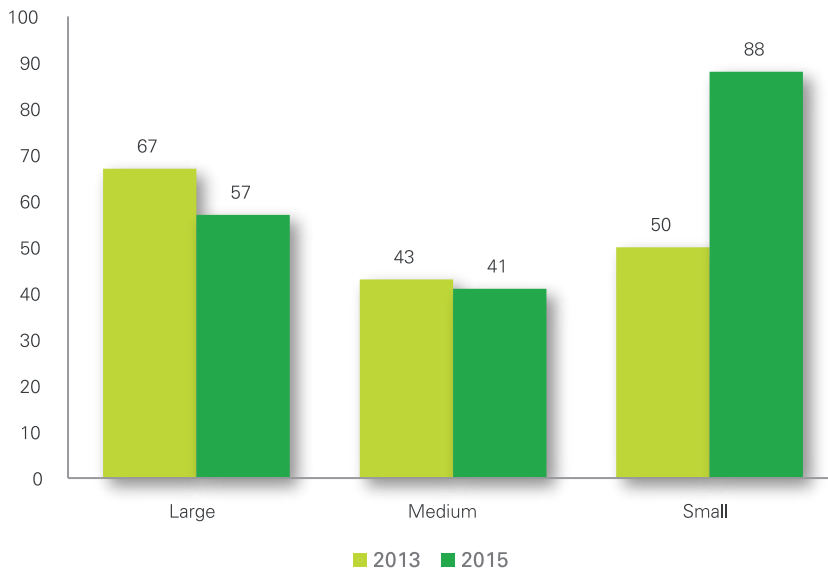


Figure 7: Number of companies communicating sustainability by market capitalisation in 2013 and 2015

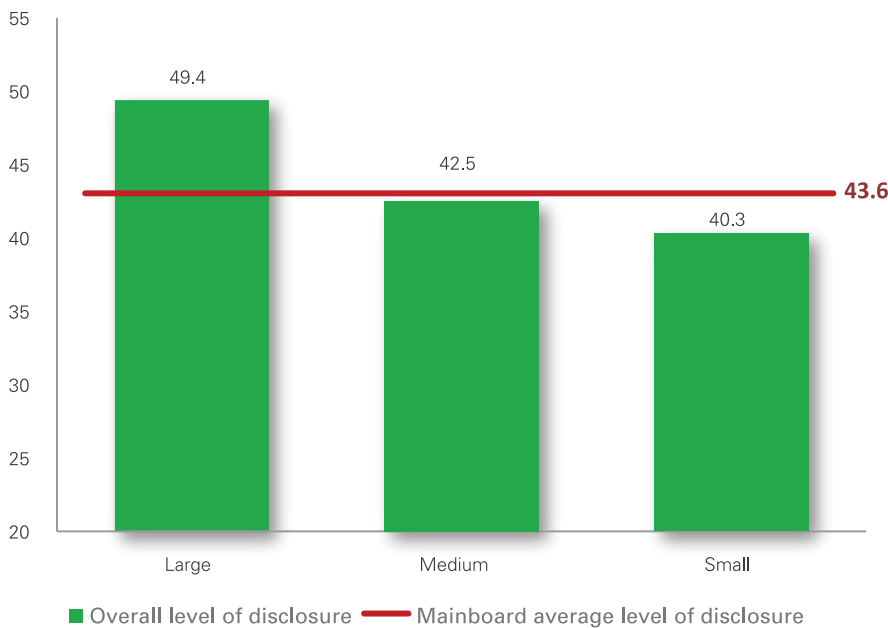


Figure 8: Level of disclosure by market capitalisation

The overall increase in the number of companies communicating sustainability from 160 in 2013 to 186 in 2015 is mainly attributed to the increase in companies with small market capitalisation committing to sustainability reporting (Figure 7). This demonstrates that the size of an organisation does not appear to be a factor that limits companies from communicating their sustainability activities to stakeholders and, by inference, from engaging in sustainability practices.

Even though there are more small market capitalisation companies that communicated sustainability, large market capitalisation companies demonstrated the highest level of information disclosure on sustainability (Figure 8). This implies that resources may be needed to manage and collate the amount of information required to communicate sustainability in a comprehensive manner. The cost of engaging in sustainable practices may be more substantial to smaller-sized companies, than that to larger companies.

8. FINDINGS OF GRI G4 GUIDELINES

Overall Level of Disclosure by Sector

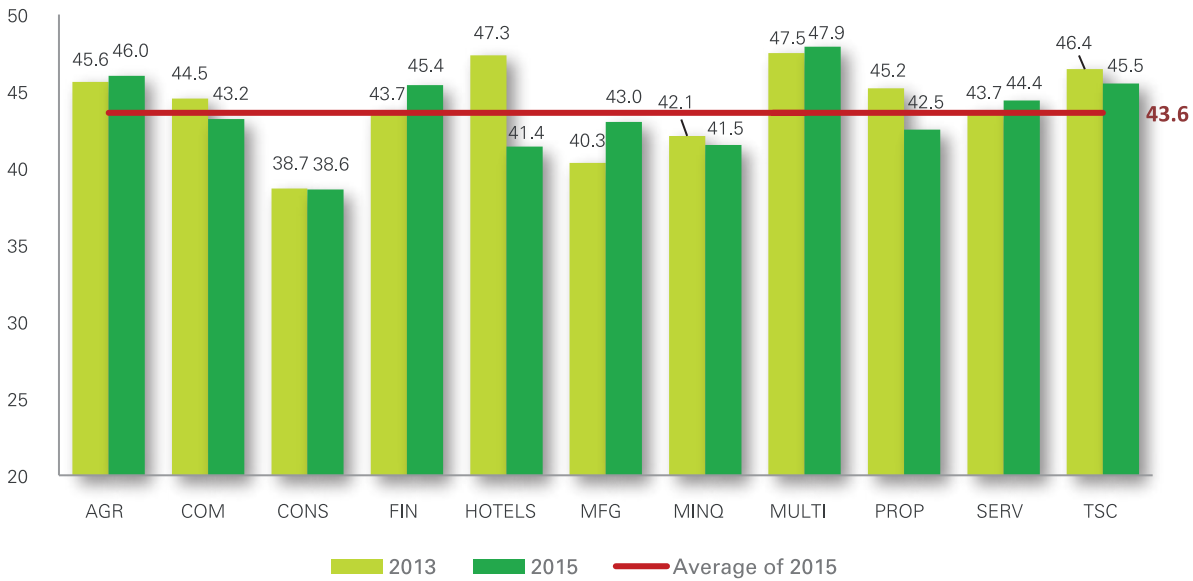


Figure 9: Overall level of sustainability disclosure by sector

Based on the assessment of 186 companies using the GRI G4 guidelines, the Multi-Industry, Agriculture and Transport, Storage and Communications sectors demonstrated the highest levels of disclosure across all the Governance, Economic, Environmental and Social indicators. They attained scores of 47.9, 46.0 and 45.5 respectively, of which are relatively well above the overall Mainboard average level of disclosure of 43.6 (Figure 9). In comparison, the Construction, Hotels and Restaurants sectors showed lowest levels of disclosure at 38.6 and 41.4, which are substantially below the average level. Compared to last round, the Finance and Manufacturing sectors had the largest increase while Commerce, Hotels and Restaurants, and Property sectors dropped the most. Some of the companies from the top-performing sectors include Sembcorp Industries Ltd, Bumitama Agri Ltd and Olam International Ltd and Singapore Airlines Ltd.

Overall Level of Disclosure by Indicator

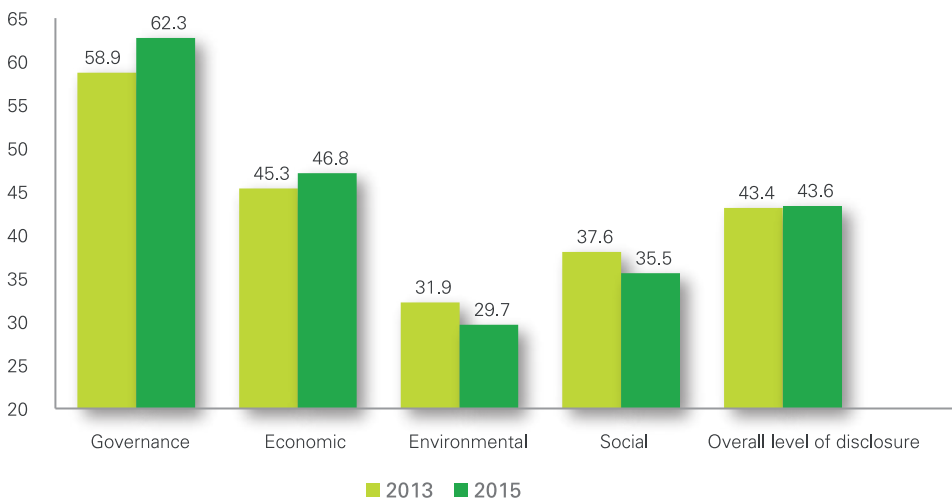


Figure 10: Overall level of sustainability disclosure by indicator

Generally, companies in 2015 performed marginally better than those in 2013, in terms of the overall levels of disclosure. In 2015, companies scored an overall level of disclosure of 43.6, which is only slightly higher than that in 2013 at 43.4 (Figure 10). Similar to findings in 2013, companies had highest level of disclosure for the Governance indicator, with a score of 62.3, and lowest level of disclosure for the Environmental indicator, with a score of 29.7.

What is striking from these results is that, while there was an increase in the levels of disclosure for both the Governance and Economic indicators, the levels of disclosure for the Environmental and Social indicators dropped by a fair amount. As such, the small marginal increase of 0.2 in the overall level of disclosure of companies in 2015 could be highly attributed to the lack of sufficient sustainability disclosures in the environmental and social aspects of businesses.

While it is commendable that companies are increasing their disclosures with respect to corporate governance and economic issues, however, as stated previously, sustainability disclosures on governance and economic aspects are insufficient alone as companies are already mandated to do so under the SGX listing rules. From Table 6 (below), 4 out of 7 Environmental sub-indicators had levels of disclosure below the levels in 2013, with the largest substantial fall attributed to the sub-indicator, 'Env 7: Product and Service Stewardship'. Additionally, from Table 7, only 1 Social sub-indicator had its level of disclosure above the level in 2013 while the remaining 7 sub-indicators had levels of disclosure substantially below the levels in 2013. Similarly, the largest substantial fall is attributed to the 'Soc 7: Product Responsibility' sub-indicator.

Therefore, it can be deduced that majority of companies withheld sustainability information on issues pertaining to products that their businesses manufacture or advocate.

Governance Indicators⁴

	2013	2015
Gov 1: Code of Corporate Governance	84.9	87.1
Gov 2: Governance Procedures Disclosed	54.0	48.0
Gov 3: Anti-corruption and Code of Ethics	48.6	51.7
Governance	58.9	62.3

Table 4: Level of disclosure for Governance sub-indicators

While the Code of Corporate Governance is explicitly evaluated in Gov 1, the Code also addresses other sub-indicators, such as Gov 2 and Gov 3. The revised Code of Corporate Governance 2012 took effect on 1 November 2012 and hence, all companies in the 2015 study would have been updated with the 2012 Code. Under Principle 12 of the 2012 Code, companies were also required to disclose that they have whistle-blowing policies in place. This increased the level of disclosure of Gov 3 on anti-corruption, which thereby, helped to raise the overall level of disclosure of the Governance indicator.

Although Governance is generally well disclosed with an overall level of disclosure of 62.3 in 2015 (Table 4), there is room for improvement. 153 out of 186 companies were observed to have withheld information regarding its Board's responsibilities for sustainability issues. This implies that sustainability practices are still not well addressed and tackled at a strategic level, even after the adoption of the revised 2012 Code that encourages companies to incorporate sustainability issues in a strategic formation.

⁴ Gov 4, Stakeholder Engagement and Inclusiveness from last round was taken out and analysed separately in this study to be more consistent with GRI G4 guidelines.

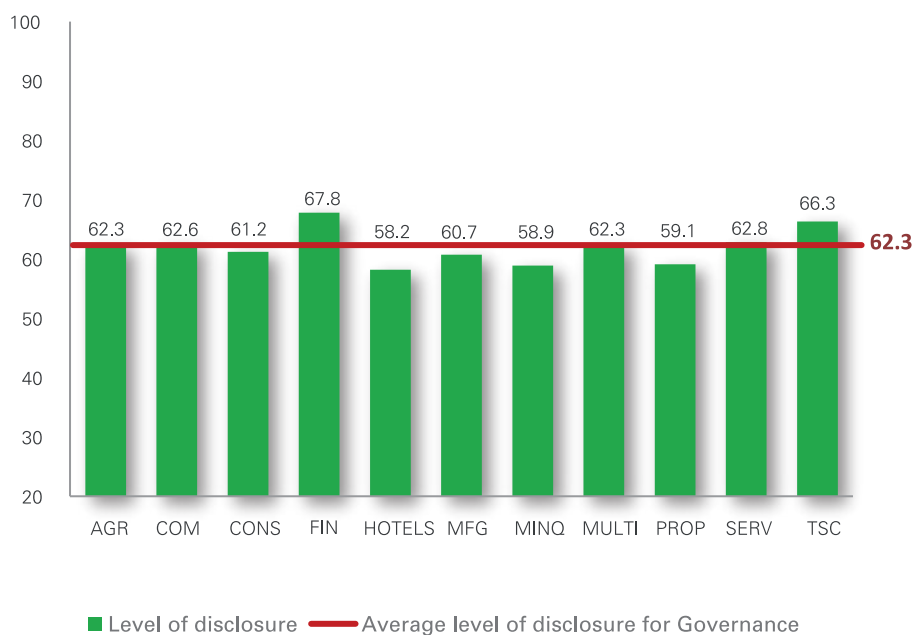


Figure 11: Level of disclosure for Governance indicator by sector

Comparing the Governance indicator performance across all sectors, the Finance, Transport, Storage and Communications, and Services sectors had the highest level of disclosure at 67.8, 66.3 and 62.8 respectively. In contrast, the Hotels, Mining and Quarrying, and Properties sectors had the lowest levels of disclosure of 58.2, 58.9 and 59.1 respectively (Figure 11), of which are below the average level of disclosure for Governance indicator. Generally, the performance of sustainability disclosure for the Governance indicator is healthy. The spread of the various levels of disclosure is found to be close to 60, which suggests that such performance is fairly consistent and similar across all sectors.

Economic Indicators

	2013	2015
Econ 1: Economic Value Generated	100.0	100.0
Econ 2: Value and Supply Chain	29.0	30.8
Econ 3: Climate Change-implications	24.0	23.7
Econ 4: Investment in Non-Core Business Infrastructure	42.5	41.9
Econ 5: Risk Management	31.9	37.7
Economic	45.3	46.8

Table 5: Level of disclosure for Economic sub-indicators

Performance for the overall level of disclosure for the Economic indicator is largely skewed by the 100% disclosure from all companies for the sub-indicator, Econ 1: Economic Value Generated. However, companies fared significantly poorer in its levels of disclosure for other non-financial areas of this indicator, such as Value and Supply chain and Climate change sub-indicators (Econ 2 and Econ 3). This resonates with results in 2013 where these sub-indicators produced the lowest levels of disclosure across all Economic sub-indicators (Table 5).

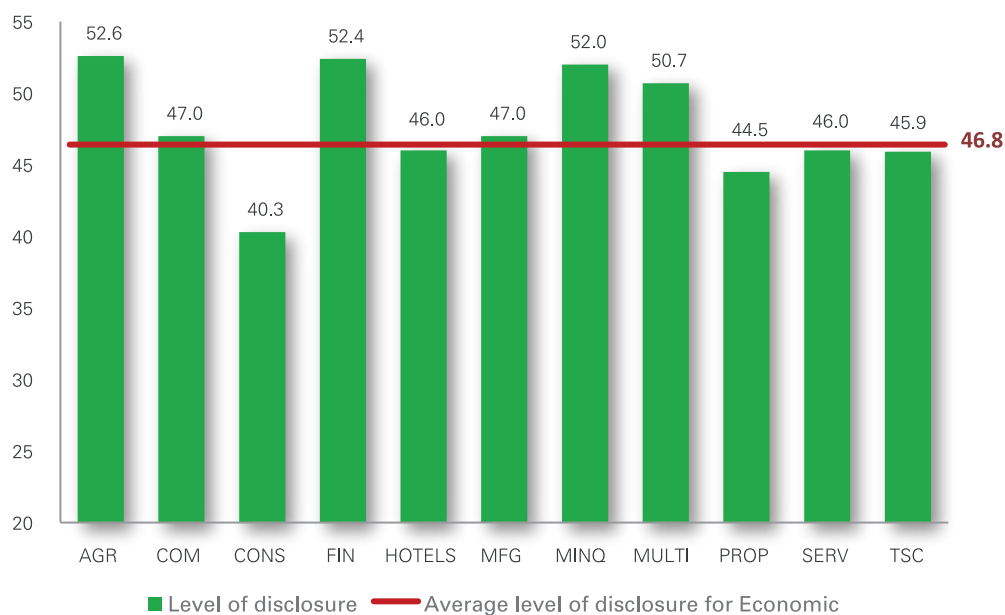


Figure 12: Level of disclosure for Economic indicator by sector

The Agriculture, Finance and, Mining and Quarrying sectors were amongst the top sectors that had the higher level of disclosures, as compared to other sectors. The Agriculture sector fared the highest level of disclosure of 52.6, followed by the Finance sector with a score of 52.4 and the Mining and Quarrying sector with 52.0 (Figure 12). Almost half the number of sectors had a level of disclosure that is above the average level of disclosure of 46.8. Lower-tier sectors that fall substantially below the average include the Construction and Properties sectors, with levels of disclosures of 40.3 and 44.5 respectively.

Environmental Indicators

	2013	2015
Env 1: Energy Management	34.9	35.8
Env 2: Water Management	30.6	31.2
Env 3: Waste Management	34.4	33.0
Env 4: Carbon Emissions	31.4	30.9
Env 5: Biodiversity	26.8	24.7
Env 6: Compliance	25.8	25.8
Env 7: Product and Service Stewardship	39.8	26.9
Environmental	31.9	29.7

Table 6: Level of disclosure for Environmental sub-indicators

In totality, the 186 companies had the highest level of disclosure of 35.8 on its energy consumption and management, amongst the six other Environmental sub-indicators stated above. This number was approximately a 1-point increase when compared to the level of disclosure of Env 1 in 2013 at 34.9 (Table 6). Such increase could be attributed to a higher number of companies adopting and reinforcing energy-efficient services such as having green manufacturing practices, or by implementing new energy-saving initiatives to reduce and conserve energy consumption. On the contrary, the lowest level of environmental disclosure was on biodiversity at 24.7, a decrease from previously disclosed level of 26.8. This fall in companies' disclosure on biodiversity could be caused by a growing number of preservation groups and activists on animals' exploitation for profitable purposes. Hence, some companies would be apprehensive to release reports on such issues, for fear of a negative smear on their businesses.

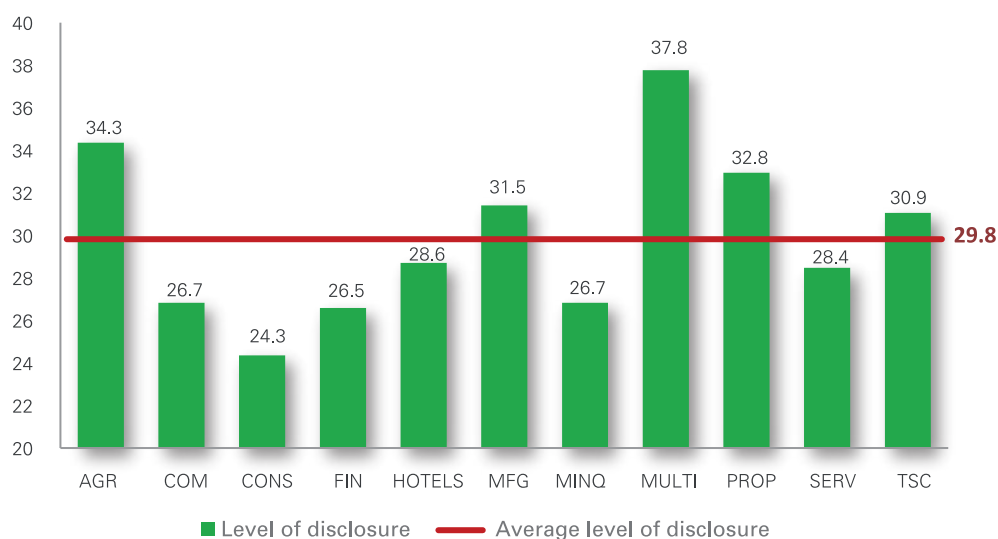


Figure 13: Level of disclosure for Environmental indicator by sector

The Multi-Industry sector had the highest level of environmental disclosure at 37.8, followed by the Agriculture and Property sectors at 34.3 and 32.8 respectively (Figure 13). In addition, 9 out of 15 companies in the Multi-industry sector or, 60% of such companies communicated sustainability reporting. This was observed to be a high communication rate among the other sectors. In contrast, the Construction sector had the lowest level of disclosure at 24.3, which falls considerably below the average level of disclosure of 29.8. The Construction sector is one of the most energy-intensive industries hence, the low level of disclosure could be due to the nature of work in such sector, that is, it was observed that the manufacturing of raw materials used in construction or even the transportation of building materials significantly affect climate change.

Social Indicators

	2013	2015
Soc 1: Diversity and equal opportunity	29.4	29.2
Soc 2: Labour and Industrial Relations	32.1	26.6
Soc 3: Occupational Health and Safety	43.1	39.6
Soc 4: Training and Education	41.0	37.6
Soc 5: Human Rights	25.5	25.0
Soc 6: Community Involvement	29.4	33.8
Soc 7: Product Responsibility	37.3	30.0
Soc 8: Philanthropy	63.0	62.3
Social	37.6	35.5

Table 7: Level of disclosure for Social sub-indicators

Amongst the eight social sub-indicators, companies were observed to disclose the most on their philanthropy efforts at a high level of 62.3, of which is almost twice the average social disclosure level of 35.5 (Table 7). This level of disclosure of 62.3 is also highly similar to previously reported level of 63.0 in 2013. High levels of disclosure on their philanthropic efforts suggest that these companies actively engage in charitable contributions and activities as otherwise, a smaller level of disclosure on such social sub-indicator may be observed instead. The rise in the number of voluntary charitable contributions could be a result of a reinforcement of Corporate Giving movement by the Ministry of Culture, Community and Youth (MCCY, 2014). This movement encourages the importance of giving back to society for greater social good. On the contrary, the human rights social sub-indicator bore the lowest level of disclosure at 25.0, which suggests that these companies may need to relook at the impacts of their operations on affecting human rights.

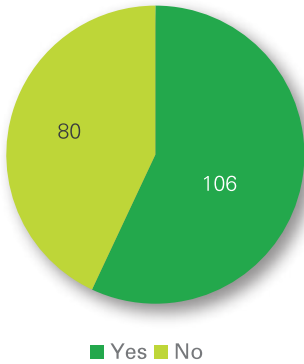


Figure 14: Level of disclosure for Social indicator by sector

Similar to the Environmental indicator, the Multi-Industry sector had the highest disclosure level for its social counterpart, with a level of 40.8 that is well above the average social level of disclosure (Figure 14). The Services sector trailed second best with a disclosure level of 40.1. Companies in both the Multi-Industry and Services sectors are diverse in nature and thus, there could be a possible link between the nature of an industry and the level of social disclosure companies report. In comparison, both the Construction and Mining and Quarry sectors were the bottom two in the disclosure levels of their social exercises. Both levels were considerably short from the mean level, with the Mining and Quarry sector clinching the least at 28.3.

Disclosure of Strategy and Analysis

Provided CEO statement on relevance of sustainability



Provided description of key impacts, risks and opportunities

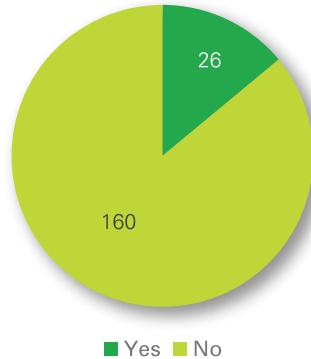


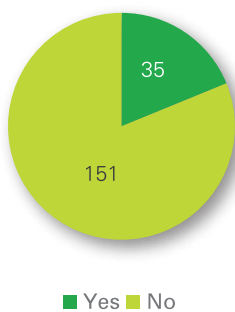
Figure 15: Number of companies that disclosed information on strategy and analysis

Strategy and analysis provide a general strategic insight of the company's sustainability practices and looks into two aspects. The first aspect studies whether the company provided a statement about the relevance of sustainability to the company. Such a statement has to be made from the most senior decision-maker of the company (e.g. the CEO) and should include the respective company's strategy for addressing sustainability. The second aspect studies if they also provided a description and identified the key impacts, risks and opportunities of sustainability.

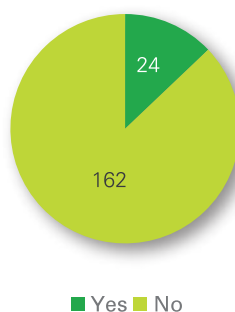
While 106 companies disclosed and acknowledged the relevance of sustainable practices in their company's strategies and operations, there is a significant disparity between those that did so and those that provided description of the key impacts, risks and opportunities of sustainability. From figure 15, only 26 companies out of 186 went further into identifying the key risks, impacts and opportunities. Thus, it may suggest a superficial commitment to sustainability. An example of companies with a comprehensive integration of sustainability in its operations is Sembcorp Marine Limited, who disclosed substantial information on the two aspects of strategy and analysis.

Disclosure of Materiality

Explained process for defining report content and aspect boundaries



Listed material aspects identified



Reported aspect boundaries for each material aspect

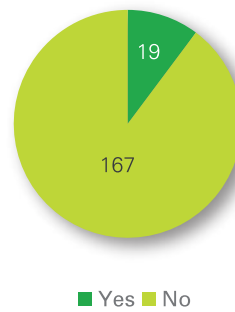


Figure 16: Number of companies that disclosed information on materiality

This standard disclosure looks into the topics that companies consider as material to their business, that is when they recognise that some information of their operations are important to potential investors making investment decisions. In evaluating disclosures relating to materiality, the GRI G4 guidelines outline a series of criteria involving; whether they explained the process for defining report content and aspect boundaries, listed the material aspects identified and if they reported aspect boundaries for each material aspect within and outside the organisation.

Based on figure 16, only a small proportion of companies disclosed information on all the three criteria of materiality. Additionally, out of 186 companies that communicated sustainability, only 24 companies were observed to disclose comprehensive information addressing materiality. Some of these companies include Singapore Airlines Ltd and Singapore Telecommunications Ltd.

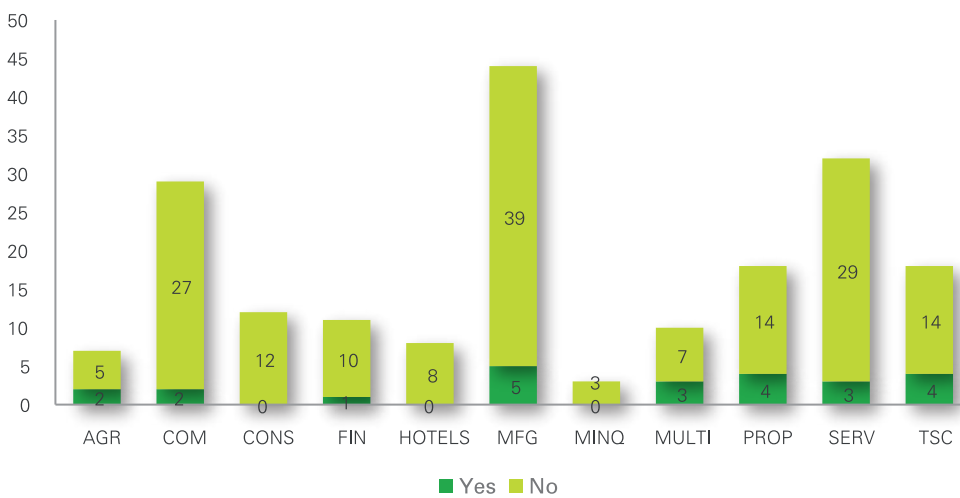


Figure 17: Number of companies that made materiality disclosures by sector

A total of 24 companies, out of the sample of 186 companies that communicated sustainability, made materiality disclosures. Sectors with the highest proportion of companies making materiality disclosures were from the Agriculture and Multi-Industry sectors, with 2 out of 7 and 3 out of 10 companies that did so respectively (Figure 17). Sectors with no companies making materiality disclosures include the Construction, Hotels and Restaurants, and Mining and Quarrying sectors.

Material aspects that were most cited to be material by the 24 companies are largely related to areas under the social indicator. Issues pertaining to Occupational Health and Safety, Diversity and Equal Opportunity, and Training and Education were amongst the top three areas that the companies made disclosures on. Half the number of companies who made materiality disclosures cited these areas to be the most material to their operations.

On the other hand, the areas that were least cited as being material are related to Investment in Non-Core Infrastructure, which falls under the Economic indicator, and another social-related area that is Philanthropy. Only 4 companies out of 24 made materiality disclosures on Investment in Non-Core Infrastructure and only 5 companies disclosed information on its philanthropic practices.

Disclosure of Stakeholder Engagement and Inclusiveness

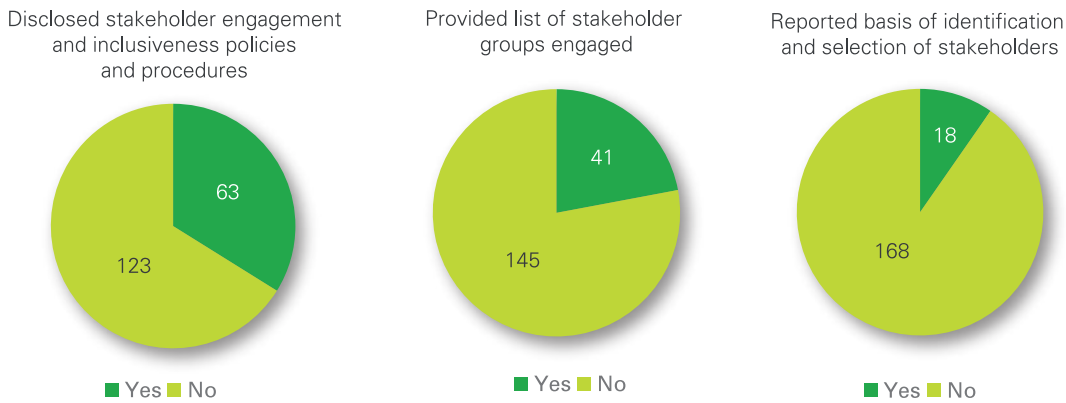


Figure 18: Number of companies that disclosed information on stakeholder engagement and inclusiveness

While there are 63 companies that disclosed their stakeholder engagement and inclusiveness policies and procedures, even fewer companies went further to provide a list of stakeholder groups engaged. Further elaborate details such as the basis for identification and selection of stakeholders, frequency of engagement and how the company responds to stakeholders' concerns were often not disclosed by majority of companies. Only 18 companies out of 186 did so (Figure 18). However, some examples of companies with comprehensive stakeholder engagement disclosures include Keppel Corporation Ltd and Singapore Technologies Engineering Ltd.

Key Observations for Each Sector

Agriculture: The Agriculture sector performed above the overall average, largely due to their higher scores for the Economic and Environmental indicators. The sector is also the only sector with all 7 companies communicating sustainability. A key driver of this would be the need to external pressures for greater transparency on its business operations. One area for improvement would be in the disclosures of Governance indicators, especially relating to governance procedures.

Commerce: The Commerce sector recorded the second highest increment, with 6 more companies communicating sustainability compared to 2013. Although the Commerce sector has done relatively well in disclosures relating to the governance and economic indicators, their overall level of disclosure can still be improved by improving its disclosures for environmental and social indicators. Companies can do more in influencing its supply chain, especially when dealing with high impact sectors. More focus can also be placed on product responsibility, to ensure products sold to consumers are safe and of high quality.

Construction: The levels of disclosure in the Construction sector are generally below the Mainboard average across all the indicators. None of the 12 companies adopted a sustainability reporting framework, which may imply neglect towards sustainability reporting on an industry level.

Construction sectors can also consider participating in the in Building and Construction Authority (BCA) Green Mark Scheme⁵. This scheme will encourage companies to integrate sustainability in product conceptualization and design, as well as during construction. Benefits include more efficient use of resources, and better labour management.

Finance: The Finance sector fared well on governance indicators but fared below average on environmental and social indicators. While the sector does not have a significant direct impact on the environment, they can still play an important function in the sustainability ecosystem. They can be prudent in screening their investment portfolio to ensure that their clients adhere to certain environmental sustainability requirements before providing funds to them. This will go a long way in realigning their clients to be more environmentally focused, thereby creating larger value in preserving the environment.

Hotels and Restaurants: The Hotels and Restaurants sector performed below the Mainboard average across all the indicators. Albeit so, the sector recorded a significant improvement in the number of companies communicating sustainability reporting, from 5 in 2013 to 8 in 2015. As such, these companies were less comprehensive in sustainability reporting due to a lack of experience. Moving forward, companies in this sector should focus on improvements on social areas. Moreover, this sector is typically labour-intensive, which reinforces the relevance of social indicators regarding workplace and employment issues in this sector.

Manufacturing: Similar to findings in 2013, the level of disclosure from companies in this sector is still considerably below the Mainboard average across all indicators in 2015. Focusing on the environmental and social indicators, this sector proved to disclose the most on its waste management, which is an observation consistent to findings in 2013. This suggests that businesses in this sector bear conscious efforts in monitoring and managing their waste systems, since such sector is inclined to produce substantial waste products during manufacturing processes. It also demonstrated a better disclosure on its occupational health and safety social sub-indicator, of which centers on a good support system for its employees in the event of emergencies. Such observation is also comparable in the construction sector, where the likelihood for emergencies or injuries is high.

⁵ https://www.bca.gov.sg/GreenMark/green_mark_buildings.html

On the other hand, there is an insufficient disclosure of information on the biodiversity and human rights sub-indicators. Given that much information on its waste management efforts could be disclosed, a greater clearness on its biodiversity efforts should be similarly viable as they both work towards minimising the impacts of their operations on our environment and biodiversity respectively. Correspondingly, transparency on its human rights sub-indicator could also be improved, given that they disclosed well on the previous social sub-indicator.

Mining and Quarrying: Data collated from this sustainability study saw an increase in the number of businesses in this sector that communicated sustainability efforts; from 1 in 2013 to 3 in 2015. Such an increase is encouraging for potential reporting companies in the future, albeit the small figure. This sector had a below-average level of disclosure across all indicators but may not be representative of the sector due to the much smaller sample size. It fared the lowest level of disclosure on the social indicator when compared across all sectors and could be due to the attributes of businesses in this sector, as their work has direct impacts on the surrounding communities and landscapes. Thus, a greater level of disclosure on its efforts to address impacts on the communities is thereby encouraged to ensure a more community-friendly work ethics.

Multi-Industry: This sector proved to disclose the most overall among the 11 sectors, with above-average disclosures across all the Governance, Economic, Environmental and Social indicators. It was also observed to have the highest disclosure on its environmental and social efforts, relative to other sectors. Nonetheless, upon analysis of this sector on isolation, it disclosed the least information on its biodiversity and labour and industrial relations efforts for its environmental and social sub-indicators respectively. This was observed relative to its disclosure levels across all the sub-indicators that were accounted for. Companies' communications related to these sub-indicators could be improved on so that greater transparency in their efforts to reduce the negative impacts of their businesses on our biodiversity can be attained, additionally on their guidelines towards the welfare of their human capital as well. Considering that companies in this multi-industry sector are diverse in nature, it may be the case that they may tend to overlook the importance of these sub-indicators in the labour force.

On the contrary, they demonstrated the best disclosures related to the Code of Corporate Governance and Economic Value. However this is not entirely significant as the same pattern is observed throughout the other sectors.

Properties: The magnitude of increase in the number of companies communicating sustainability efforts is smaller in this study, with only a one-company increase to 17 in 2015 from 16 in 2013. This is contrasting to the more than two-fold increase in the number of companies in 2013, from 7 in the 2011 study. As the properties sector was (and is still) experiencing a lacklustre performance, this could contribute to the diminishing increase in number of companies. While the 2013 study reported a similar level of overall disclosure to the Mainboard average for all indicators, this was not the case in 2015. The overall level fell considerably below the Mainboard average and only the level of disclosure on environmental indicator surpassed the relative mean.

Zooming into the individual sub-indicators, companies in the properties sector disclosed the least on climate-change implications and community involvement. While the affiliation between properties and climate change can be hard to recognise, it could affect both domestic and foreign property investments when investors choose to invest elsewhere, especially when the cooling measures from the Government are still in place. Hence, a call for greater communication in this sub-indicator is needed for the sustenance of the supply chain in this sector.

Services: The Services sector generally fared well, with overall disclosures above the Mainboard average. However, the level of disclosures for environmental indicator was significantly below average, similar to the results in 2013. Companies may improve with greater awareness and emphasis on environmental aspects, by having policies in place for water usage, energy and greenhouse gas emissions.

Transport, Storage and Communications: Similar to the property sector, the number of companies that communicated sustainability in the TSC sector increased only from 16 to 17 from 2013 to 2015. However, this sector had an above-average level of disclosure across the Governance, Environmental and Social indicators, falling short in the economic aspect on average. Looking across the sub-indicators, more disclosure on its biodiversity and community involvement efforts could be worked on, since the business operations in this sector have implications on local communities that depend on their products and services for everyday needs.

9. POTENTIAL FACTORS AFFECTING LEVEL OF DISCLOSURE

Adoption of Framework

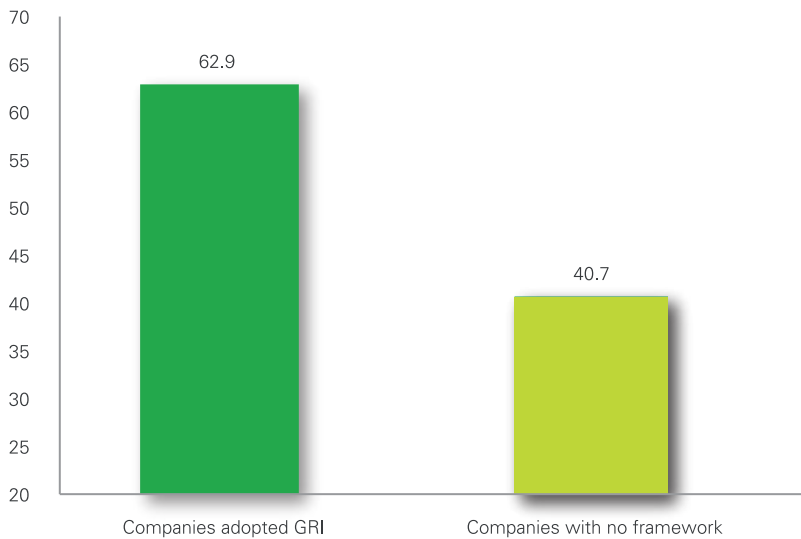


Figure 19: Level of disclosure by framework adopted

24 companies had adopted a GRI framework for sustainability reporting (Figure 4). These companies also happened to be the top-performing companies in our study (Figure 19). The adoption of GRI allows companies to have a more developed method in practicing and communicating sustainability, allowing them to have a more comprehensive and in-depth reporting.

Many of the companies that performed well also had associations with RSPO, UNGC and GCNS. Such associations have dual benefits on reporting. One, it reinforces the accountability that the companies take on for sustainable business practices. Two, it provides companies with a platform that keeps them updated to developments to have better practices and reporting.

The top-performing companies that have adopted a GRI framework include Olam International Ltd, Starhub Ltd and Indofood Agri Resources Ltd.

Blue Chip Effect

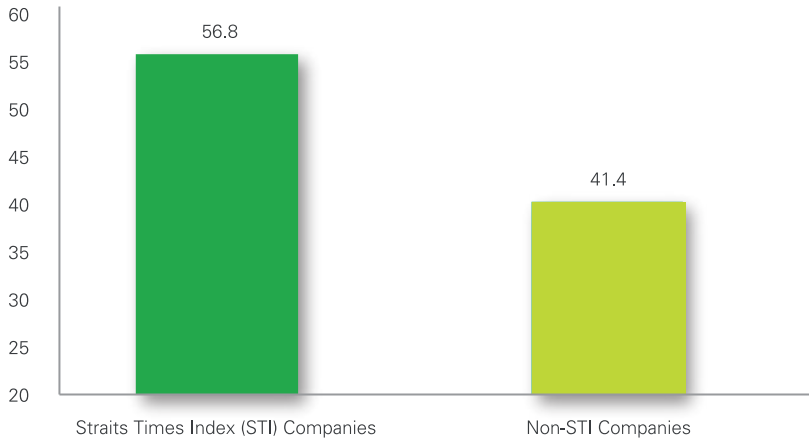


Figure 20: Level of disclosure by blue chip effect

The Straits Times Index (STI) is made up of 30 Singapore blue chip companies. The 26 STI companies with sustainability communication in our study generally had higher levels of disclosures than their non-STI counterparts. The average level of disclosure for STI companies were 56.8, which is considerably higher as compared to the non-STI average level of disclosure of 41.4 (Figure 20). 14 STI companies also adopted a GRI framework for sustainability reporting. They generally performed better than the remaining 12 STI companies without a GRI framework.

The top-performing STI companies are Sembcorp Marine Ltd, Sembcorp Industries Ltd and Capitaland Ltd. All 3 companies are also GCNS members.

Government-Linked Companies (GLCs)

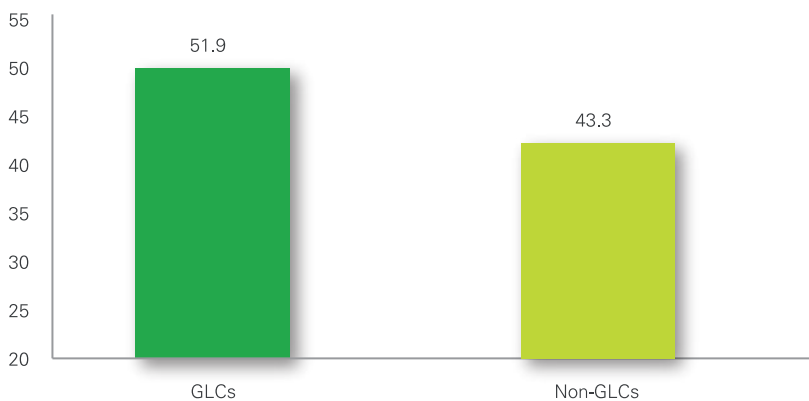


Figure 21: Level of disclosure by GLCs and non-GLCs

Government-Linked Companies in Singapore are those under the portfolio of Temasek Holdings, an investment company owned by the Singapore government. These companies may be directly or indirectly under Temasek's portfolio. The 17 GLCs in this study generally performed better than their non-GLC counterparts (Figure 21). This is likely due to the direct control and greater influence over the GLC having sustainable business strategies and practices.

The top performing GLCs include Sembcorp Industries Limited, Keppel Telecommunications and Transportation Limited and Starhub Limited.

Newness Effect

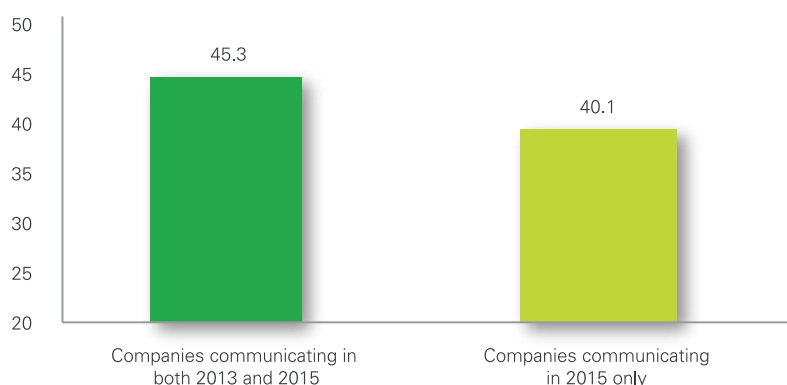


Figure 22: Level of disclosure by newness effect

By comparing the results of companies that communicated sustainability in both 2013 and 2015 against new companies that only communicated in 2015, it was observed that companies which communicated in both years performed fairly better than new companies in 2015 (Figure 22). Additionally, it was also observed that the top-performing companies were present in both studies. The overall average level of disclosure for companies that communicated in both years had risen from 43.4 in 2013 to 45.3 in 2015. This suggests that the comprehensiveness of sustainability disclosure from companies is improving from those that consistently practise sustainability reporting.

10. FINDINGS OF SGX SUSTAINABILITY REPORTING GUIDELINES

The four key indicators in the SGX Sustainability Reporting Guide can be broadly categorised into Foundational Principles, General, Environmental and Social Indicators.

Overall Level of Disclosure

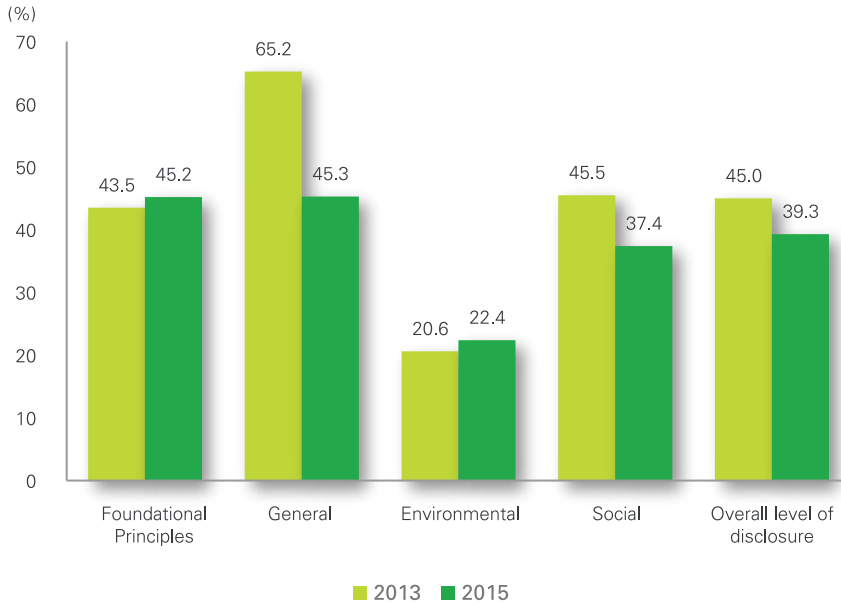


Figure 23: Overall level of sustainability disclosure by SGX guidelines

The study found that companies that were communicating their sustainability efforts fared most poorly in the disclosure of Environmental Indicators (22.4%). Conversely, there was a high level of disclosure on the General Indicators (45.3%), followed by Foundational Principles Indicators (45.2%) and Social Indicators (37.4%). The overall average level of disclosure based on SGX guidelines was found to be at 39.3% (Figure 23).

However, as compared to findings in 2013, the overall level of disclosure in 2015 is much lower than that in 2013. Furthermore, only sustainability disclosures on the Foundational Principles and Environmental indicators improved, as seen by their higher levels of disclosure in 2015 than in 2013.

Foundational Principles Indicators

Foundational Principles Indicators	Level of disclosure for Foundational Principles Indicators	
	2013	2015
Board Responsibility, Corporate accountability and Seniority of decision-making on sustainability issues	40.6	59.7
Comprehensive Risk Management	55.0	51.1
Performance Measurement Systems Performance assessment against stated goals, peers and industry benchmarks	40.6	25.8
Does the company report on sustainability?	100.0	100.0
Does the company comply with international/industry standards (eg. GRI)?	20.0	30.1
Does the company has independent assurance on Sustainability Report?	5.0	4.3
Foundational Principles	43.5	45.2

Table 8: Disclosures of Foundational Principles indicators under SGX guidelines

Generally, companies exhibited high level of disclosure for the first foundational principle that is pertaining to matters on board responsibility, corporate accountability and seniority of decision-making on sustainability issues. 59.7% of companies (111 companies out of 186) disclosed information on these matters (Table 8). It is probably due to the fact that consideration of sustainability issues as part of firm's strategic formulation is mentioned in Singapore's Code of Corporate Governance. Matters on comprehensive risk management procedures are also relatively well disclosed by 51.1% of companies. However, this is a drop when compared to the percentage of companies that did so in 2013. Additionally, 95 companies out of 186 (51.1%) that communicated sustainability exhibited high level of disclosure on its risk management procedures. This was attributed to it being a mandatory part of the Monetary Authority of Singapore's (MAS) Code of Corporate Governance 2012.

Companies in the Commerce, Finance, Hotels and Restaurants and Service sectors demonstrated high levels of disclosure on board responsibility and corporate accountability of sustainability issues. The Finance sectors also disclosed well in the areas of comprehensive risk management and performance measurements systems and assessments.

General Indicators

General Indicators	Level of disclosure for General Indicators	
	2013	2015
Sustainability policy and goals, including milestones, plans for achieving goals, and long-term aspirations	64.4	53.2
Corporate stance on bribery and corruption	93.8	70.4
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	36.9	15.1
Issues and future challenges for the specific industry sector that the company operates in as observed by peers and competitors	65.5	42.5
General	65.2	45.3

Table 9: Disclosures of General indicators under SGX guidelines

The highest level of disclosure for sub-indicators that fall under the General Indicator is 70.4%, as indicated by 131 companies out of 186 that disclosed information on corporate stance on bribery and corruption (Table 9) as such information is usually covered in a company's Code of Conduct. On the contrary, only 28 of companies disclosed related information on the relevant laws, regulations, international agreements, or voluntary agreements with strategic significant to the organisation and its stakeholders. Consequently, this indicator was also poorly performed with the lowest level of disclosure of 15.1%.

As with the Foundational Principles Indicators, the Commerce, Finance, Hotels and Restaurants and Services sectors fared well again in disclosing their sustainability policy and goals. This also resonates with the 2013 study where all these four sectors had high levels of disclosure. Across all sectors, companies were observed to provide the least information of laws and regulations with strategic significance to the organisation. Companies in the Construction, Hotels and Restaurants and Manufacturing sectors disclosed little or no information on the laws and regulations of its practices.

Environmental Indicators

Environmental indicators	Level of disclosure for Environmental Indicators	
	2013	2015
Climate change disclosures e.g. business or legal developments related to climate change mitigation or adaptation that may have an impact on the organisation	10.6	12.9
Biodiversity management	15.6	9.7
Environmental management systems	35.6	44.6
Environmental	20.6	22.4

Table 10: Disclosure of Environmental Indicators under SGX guidelines

83 out of 186 companies (44.6%) that communicated reports on environmental indicators also disclosed information on their environmental management systems (Table 10). On average, they were observed to have disclosed the most on their environmental management systems, as compared to climate change and biodiversity management. However, it should be noted that all these 83 companies have some sort of an environmental policy and structure that are already in place in their companies.

Few companies (12.9% of 186 companies, 24 companies) disclosed information on their climate change efforts and even fewer companies, 9.7% (18 companies), disclosed information on biodiversity management efforts. The large distinct contrast between these sub-indicators and environmental management systems could be due to more stringent requirements on the fulfilments of the sub-indicators. As an example, companies may need to report any actions or movements that they have implemented to mitigate climate change and conserve our biodiversity.

It was also observed that companies in the Construction and Mining and Quarrying sectors scored low on both their climate change and biodiversity management efforts as they were reported to disclose little or no information on these sub-indicators. Such results are predictable as these sectors are energy-intensive industries that can adversely affect climate change as well as changing of landscapes and wildlife. However, such companies could be enforced to not withhold such information, in order to encourage them to adopt better alternatives for the environment.

Social Indicators

Social Indicators	Level of disclosure for Social Indicators	
	2013	2015
Labour practices and relations	57.5	50.5
Diversity and inclusion	36.9	35.5
Programs and practices that assess and manage the impacts of operations on communities	35.0	38.7
Product responsibility policy and practices	52.5	24.7
Social	45.5	37.4

Table 11: Disclosures of Social indicators under SGX guidelines

Approximately 50% of companies communicated reports on social indicators and all who did so disclosed information on their labour practices and relations (Table 11). This is reassuring that employees' welfare are taken care of, given the transparency of their attitudes and guidelines towards employees' well-being and fairness. The Services sector scored the highest in terms of such disclosure, possibly due to a higher regard for the employees' nature of work in such businesses.

In contrast to the 2013 study, which had more than 50% of companies that disclosed information on product responsibility policy and practices, less than 50% of companies in 2015 did so. This is particularly apparent for companies in the Mining and Quarrying and Construction sectors. Construction design and buildings can have a significant impact on local communities and similarly for businesses in the Mining and Quarrying sector. Consequently, low disclosure on this indicator can be worrying as irresponsible practices can have negative effects on local communities.

Disclosure by Companies from High Impact Sectors

According to the SGX Guide to Sustainability Reporting, listed companies operating in the 10 high impact sectors are encouraged to undertake sustainability reporting.

The SSIC 1996 standard was used to classify the companies in the high impact sectors for this study. Out of 502 companies covered in the study, 124 (24.7%) companies are operating in the 10 high impact sectors. In addition, 49 companies had sustainability communication, so the percentage of companies communicating in the high impact sectors is 39.5%, which increased from last round (32.1%).

High Impact Sectors	Number of companies communicating sustainability practices	
	2013	2015
Agriculture	7	7
Air Transport	1	2
Chemicals & Pharmaceuticals	3	3
Construction	11	13
Food & Beverages	11	13
Forestry & Paper	1	1
Mining & Metals	5	3
Oil & Gas	2	4
Shipping	2	2
Water	1	1
Total	44	49

Table 12: Number of companies in High Impact sectors in 2013 and 2015

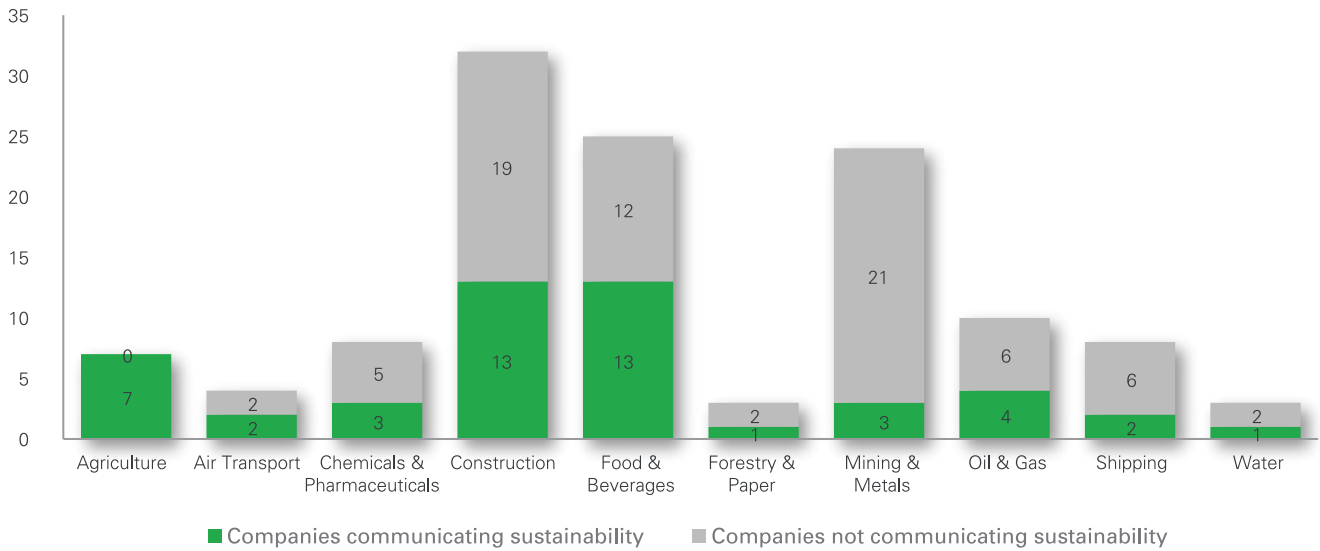


Figure 24: Number of companies in High Impact sectors communicating sustainability

According to Table 12, among the 10 High Impact sectors, Construction and Food & Beverages had the most companies with sustainability communication (13 companies) while Forestry and Paper and Water have the least (1 company), similar to 2013. All 7 companies in Agriculture sector had sustainability reporting and Food & Beverages and Air Transport sectors had a disclosure rate of at least 50% (Figure 24). However, for most high impact sectors, more than half companies did not have any sustainability reporting, especially Mining & Metals sector with the lowest disclosure rate, 12.5%.

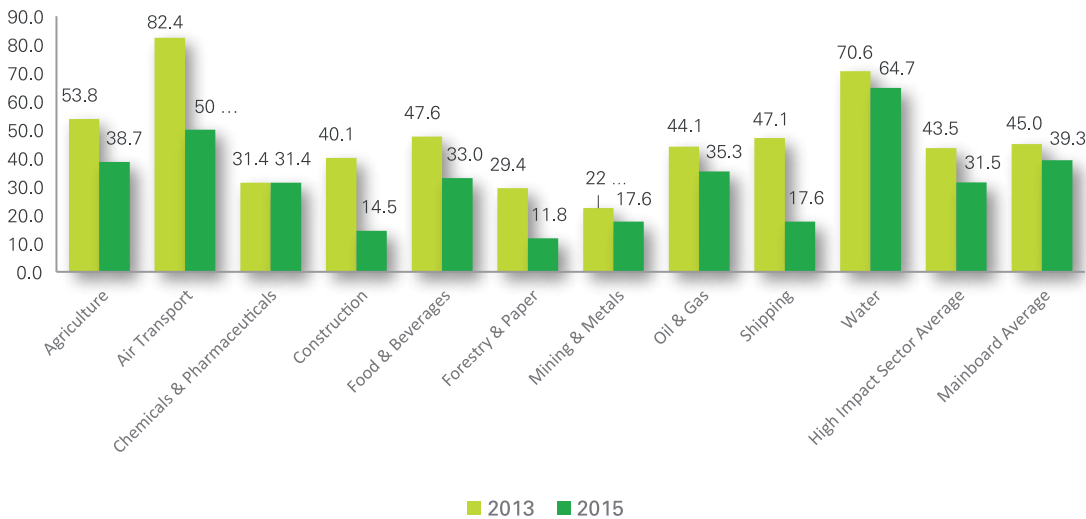


Figure 25: Level of sustainability disclosure by High Impact sectors in 2013 and 2015

Consistent with all Mainboard listed companies (Figure 23), the overall disclosure level in High Impact sectors also dropped compared to that of 2013 (Figure 25). Air Transport, Shipping and Construction sectors decreased the most, by 32.4%, 29.5% and 25.6% respectively. Sectors that had the highest percentage of companies communicating are Water (64.7%), Air Transport (50.0%) and Agriculture (38.7%), the same 3 sectors as in 2013. In general, average level of disclosure in High Impact sectors was still lower than that of Mainboard listed companies. Considering that companies in the High Impact sectors are supposed to score higher than the others, the results are a bit worrying.

11. LIMITATIONS AND RECOMMENDATIONS

This study evaluates firms' sustainability reporting based on what they have disclosed. That is to say, we measure the sustainability disclosure rather than the actual performance. It is possible that sustainable practices exist in some companies but related information are not made publicly available. Therefore, the study only represents an estimate of the sustainability reporting in Singapore.

Besides, the second framework used in the study is based on the Guide to Sustainability Reporting released in 2011 by SGX. With the new Sustainability Reporting Guide that is more comprehensive released in 2016, following the announcement that the sustainability enforcement level is mandated on a 'comply or explain' basis from financial year ending on, or after 31 December 2017, these changes could be incorporated into the methodology framework in future studies.

Going forward, potential research topics include the relationship between sustainability disclosure and actual sustainable practices, more in-depth analysis on the factors that influence sustainability reporting and other issues such as materiality. Furthermore, we may consider to explore the effects of sustainability reporting on firm values as it could help to resolve the issue of overcoming the managerial mindset of sustainability reporting as a public relations (PR) tool and contribute to an increase in the comprehensiveness and quality of firms' sustainability reporting.

12. CONCLUSION

Sustainability reporting has evolved to be an integral part of a company's business practice as it enables them to manage their environmental and social impacts as well as, improve on their operating efficiency. It also reflects a company's reputation and practices to its consumers, employees and to its current and potential stakeholders.

As compared to the Mainboard average level of disclosure in the 2013 study of 43.4, companies in this 2015 study have considerably improved with their comprehensiveness of sustainability disclosure. While there had been a slight improvement (by 0.2-point increase) in the average level of disclosure in the 2015 study, the levels of disclosure for the Environmental and Social indicators fell below the respective levels in 2013. This suggests that companies in Singapore have to pay more attention and increase their efforts on their environmental and social sustainability practices and at the same time, keep up the good progress in the disclosure of their Governance and Economic indicators. Additionally, while some companies may conduct their sustainability reporting on a surface and superficial level, the increase in the overall level of disclosure is hopeful for further and future studies on sustainability reporting in Singapore.

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