wbcsd

The Reporting Exchange

Corporate and sustainability reporting in Singapore and Southeast Asia

CDSB Climate Disclosure Standards Board

The Reporting Exchange

In 2017, the World Business Council for Sustainable Development (WBCSD), in partnership with the Climate Disclosure Standards Board (CDSB) and Ecodesk, launched the Reporting Exchange. This free, online platform was designed to help business navigate the often-confusing world of corporate reporting.

Compared to the development of financial reporting, the evolution of non-financial reporting has been rapid and fragmented. There are many regulations, reporting frameworks and tools which influence the corporate reporting process on environmental, social and governance issues (ESG). The resulting reporting landscape has been described in recent reports by the Business and Sustainable Development Commission[1] and ACCA[2] as complex and overwhelming. As such, there have been calls for more harmonization and alignment.

What are the objectives of the Reporting Exchange?

The primary objective of the Reporting Exchange is to provide much-needed clarity to people who write corporate reports. The Reporting Exchange helps them understand what, where and how to report on sustainability issues while supporting clearer, more concise and better-informed sustainability reporting. The Reporting Exchange summarizes and connects ESG reporting requirements and resources from across 60 countries and 70 sectors. Better quality reporting practices can support better internal and external decision-making on sustainability-related risks and opportunities which, in turn, can influence capital allocations by investors – making more sustainable businesses more successful.

The Reporting Exchange also provides the evidence base to help drive action towards a more harmonized, aligned and effective corporate reporting environment. The platform maps the reporting provisions on sustainability across the world's largest economies, showing how and where they link and align. The Reporting Exchange has also been designed as an open and collaborative space for the many people and organizations active in corporate reporting. It allows the latest developments, insights and good practices to be easily shared across geographic borders and sectoral boundaries. This will help accelerate harmonization and alignment of corporate ESG at a global scale.

About this report

In this report, we look at the latest ESG reporting developments in Singapore, including perspectives on the future of ESG disclosures from the Singapore Exchange and WBCSD Member, Olam International. We provide a comparison with other countries in Southeast Asia – including Vietnam, Malaysia, Thailand, Taiwan, Indonesia and the Philippines – along with thoughts from our Global Network Partners on the challenges and opportunities around ESG disclosure in the region.

Zooming in: sustainability reporting in Singapore

Singapore's economy has experienced rapid growth in recent years and its GDP nearly doubled between 2000 and 2010[3].

Singapore is well-known for its green city programs and the government has taken considerable steps to embed sustainable practices across different sectors. Finance Minister, Heng Swee Keat, has been vocal on sustainability, green financing and Singapore's leading role in the region[4]. These developments are influencing requirements of companies to disclose information on their operations and impacts.

Requirements for sustainability reporting have significantly increased since the turn of the millennium. Figure 1 illustrates the rapid increase in reporting provisions for companies headquartered in Singapore over the last 15-20 years. Key actors in these developments include the Singapore Exchange, the National Environment Agency and the PUB, Singapore National Water.

To date, our research highlights 21 provisions for companies in Singapore. 57% of these are mandatory and 71% require disclosure through a specialist system (Figure 4 and 5)[5]. As part of the update to the Singapore Exchange listing rules, companies are now required to produce an annual sustainability report.

Figure 1: Increase in number of provision between 1990 and 2017

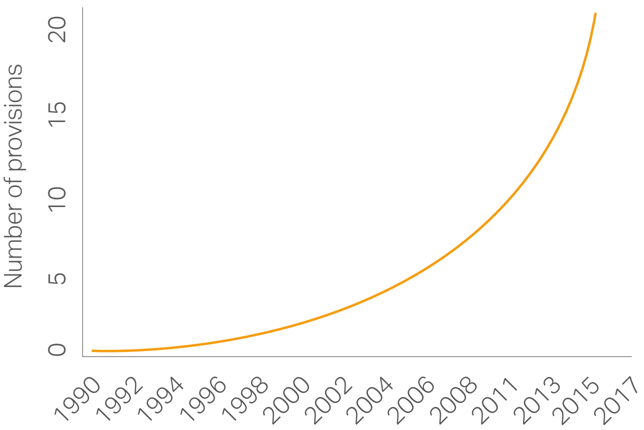


Figure 2: Reporting provision type

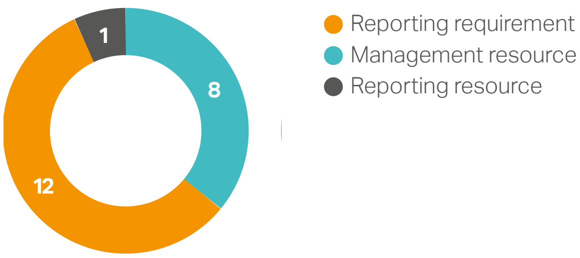


Figure 3: ESG focus

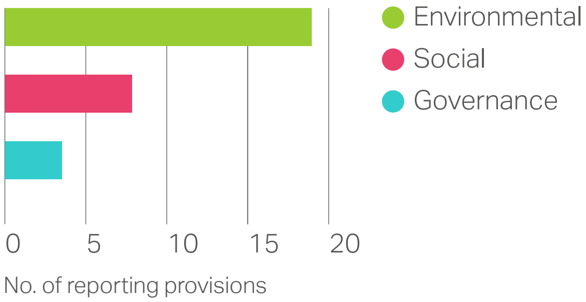


Figure 4: Reporting provision obligation

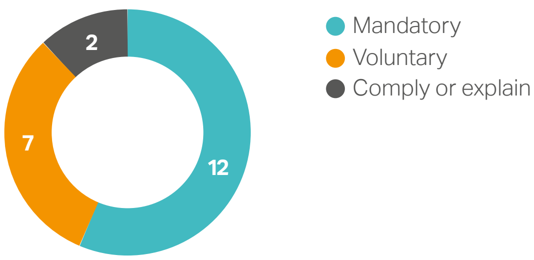
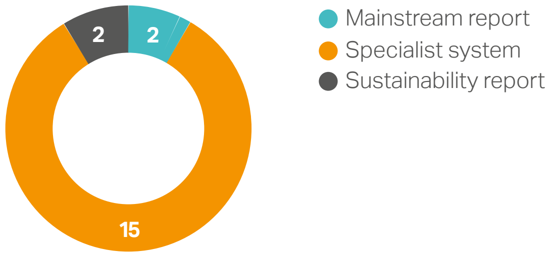


Figure 5: Reporting provision channel



The 21 provisions cover a broad base of 36 different ESG issues and many cover multiple subjects. There is also a clear focus on environmental topics; over 90% support disclosure on environmental issues such as water, waste, environmental protection and pollution. The top three subjects being environmental incidents, waste treatment and effluents. Water efficiency management plans must be completed by entities that consume over 60,000 cubic meters of water annually and they are required to disclose usage and an appropriate plan of action for saving and improving water efficiency.

Reporting is primarily focused on compliance-based disclosure and the majority – over 90% – of reporting requirements are mandatory (Figure 4). Some 50% of mandatory requirements and provisions are issued by the National Environment Agency. Mandatory reporting is beneficial because it can create a level playing field by ensuring those companies that do disclose are not disadvantaged by making ESG risks and other information public. One requirement is a listing rule that requires listed companies to prepare an annual sustainability report on a comply or explain basis. There is a limited focus on voluntary disclosures which reflects the government's strong interest in disclosure on subjects such as health and safety and energy use.

Channels of disclosure

"Channel" refers to the route of disclosure and the communication of published information – for example specialist systems and mainstream, integrated or sustainability reports. 83% of the reporting requirements direct disclosure through specialist systems such as online response systems, questionnaires and forms, often directly to the organization or authority requesting the information (Figure 5) . While specialist systems allow for detailed and technical information, it can limit disclosure to other stakeholders. Directing disclosure through mainstream and sustainability reports can help to bring ESG information to a wider audience including investors, customers and NGOs.

The reporting requirements require disclosure from an array of companies, depending on size or sector. For example, large hotels, restaurants and retail stores should disclose waste data and waste reduction plans. There are sector-specific provisions for companies operating in the following industries; energy supply, water and waste utilities, manufacturing, travel, water transport, chemicals, and retail.

Alignment with the Sustainable Development Goals (SDGs)

The UN Sustainable Development Goals provide the global framework for action around which governments, businesses, civil society, stock exchanges can all contribute and act as a call to action for business to make a difference.[6]

In our research, we linked the subject of each provision to the relevant SDG goals and targets. The provisions for companies listed in Singapore are most closely aligned with responsible consumption and production (SDG 12), life of land (SDG 15), industry, innovation and infrastructure (SDG 9) and decent work and economic growth (SDG 8). The alignment to SDG 8 and SDG 12 is similar to other countries in the Southeast Asia region. There is a focus on ensuring that growth is sustainable and business is responsible. A study shows that Singapore was a top 20 performer in its progress towards achieving the 2030 targets for the goals.[7]

Figure 6: Singapore SDGs focus

Q&A with the Singapore Exchange

We spoke to the Singapore Exchange (SGX) to understand how they are advancing the sustainability agenda and to find out how reporting is improving investor understanding and confidence in ESG information.

In 2016, the Singapore Exchange (SGX) issued rules and guidance that require companies to disclose and publish an annual sustainability report, with the primary aim of improving disclosure and corporate transparency. The guidance explains how sustainability reporting can help companies demonstrate how environmental, social and governance (ESG) issues may interact with their businesses, recommends that companies evaluate risks and opportunities for future returns, and in so doing, enables analysts and investors to assess the quality of a company's management and overall financial performance.

How can reporting and disclosure support the sustainable development agenda in Singapore?

As an exchange and a market regulator, SGX believes in investors having material information to make their investment decisions. In requiring that issuers integrate sustainability information into their annual reporting and produce an annual sustainability report, SGX-listed companies will consider and measure how their businesses interact with the environment (including climate change) and the societies in which they operate, among other things. To paraphrase an old adage, "what gets measured gets done". Investors will have a more comprehensive understanding of the company in order to make informed investment decisions. The outcomes also contribute to the advancement of the sustainable development where companies operate.

How will the Singapore Exchange's new rules and guidance which make sustainability reporting mandatory help advance reporting in Singapore? What changes are you expecting to see?

SGX's initiatives improve the awareness of sustainability among listed companies by focusing on the sustainability-related business opportunities and risks that materially affect them. In turn, companies will factor these into their disclosures to investors.

SGX also requires the sustainability report to contain a statement from the Board on how they have considered sustainability issues as part of the strategic formulation, determined the material ESG factors and overseen their management and monitoring responsibilities. The engagement of the Board is important because it is responsible for formulating the strategy of the company and ensuring management executes strategic (including sustainability) objectives effectively.

Why is the Singapore Exchange prioritizing ESG issues? And what impact will it have, for example on quality of disclosure?

Sustainability has been the focus of global attention. Investors increasingly seek responsible investments, care about how ESG factors are managed and use ESG information as an indication of the quality of management. Research demonstrates increasing evidence of linkages between sustainability performance and corporate performance[8]. We expect that, over time, investors will pay more attention not only to financial returns, but how those returns are derived. We also expect that investors will take ESG factors into account in their evaluation of SGX-listed companies, as they do in other markets.

Governments all over the world, including Singapore, also regard climate change as an important issue and have made individual commitments to combat climate change. For example, from 2019, the Singapore Government will impose a carbon tax to reduce greenhouse gas emissions as part of its commitments under the Paris climate agreement. SGX-listed companies need to be aware of how they may be affected by climate change in order to embed resilience into their strategies and risk management.

What role does assurance (internal, external, limited, reasonable) play in providing investors with confidence in ESG information?

Independent assurance increases stakeholder confidence in the accuracy and completeness of the sustainability information disclosed. SGX has not mandated independent assurance but we do encourage SGX-listed companies to undertake assurance as they advance in their sustainability reporting. The Board has the discretion to decide on the timing and mode of assurance.

How will investors use the ESG information disclosed in these sustainability reports? Do you anticipate them taking it into account in their screening and valuation activities?

Yes, there is already considerable interest from investors globally to consider the information in managing their investments. Investment managers have different ways of looking at ESG information depending on their investment objectives and time horizon. For example, investors taking a longer-term view are likely to be the most immediate users of ESG information, as they study the strategy of the company, whether by way of exclusionary screening or as part of a fundamental analysis of the company. ESG analysis would also guide stakeholder engagement with the companies in which they invest. Other investors would use ESG information in different ways to manage their investment risks. We expect that the practice will mature in subsequent years.

There have also been initiatives by investment groups, such as the Principles for Responsible Investment (PRI). In February 2018, SGX organized a conference to provide a forum for asset-owners and managers to connect with businesses to advance the sustainability dialogue between capital providers and businesses. This conference followed the Singapore stop of a series of global workshops conducted by the CFA Institute and PRI.

In addition, issuance of green products (for example green bonds) and green financing continues to gain traction, demonstrating growing investor interest in ESG. There are also numerous conferences, workshops and collaborative studies on aspects of sustainability and green financing.

Stock Exchange listing requirements

Stock exchanges in the region are increasingly asking companies to disclose on their ESG performance, helping stakeholders such as investors to access decision-useful information. In Singapore, the Singapore Exchange (SGX) sets reporting requirements for listed companies. Similarly, in Malaysia and Taiwan respectively, the Bursa Malaysia Berhad and the Taiwan Stock Exchange Corporation set ESG reporting requirements for listed companies. In the Philippines, Presidential Decrees are used for environmental and labor policies, while listed companies on the Thailand Stock Exchange (SET) must report on their compliance with the Code of Best Practice for Directors of Listed Companies.

The significance of provisions being issued by stock exchanges highlights a desire to ensure that capital providers are appropriately informed about a company's ESG issues. Investors are demanding more and better data, with improved transparency, to allow them to make informed decisions.[9] The CFA Institute in Thailand has produced a manual for investors to enable them to understand companies' corporate governance and risk disclosures, with the hope of ensuring more informed capital allocations.

Reporting in practice: Olam International

Olam

As the only WBCSD member company listed on the Singapore Exchange, we asked Olam to share their insights on sustainability reporting.

Olam International is an agri-business operating from seed to shelf, supplying food, ingredients and raw materials to over 22,000 customers worldwide. They have been reporting on their sustainability performance for the past ten years.

Olam has a strong strategic approach to sustainability through the Olam Way. Can you tell how this reflects on your reporting process?

As an agri-business, we absolutely depend on nature's resources to grow our crops, and we potentially impact the lives of many people living and working in rural communities. Sustainability is directly linked to creating long-term business value, helping us to reduce risks, increase opportunities and differentiate our business. As a strategic driver, it is integrated into our business operations and must also be reflected in our reporting narrative. Such transparency helps to establish trust with stakeholders – from investors and financiers to customers and governments – which in turn can create new business opportunities.

However, with more than 40 agri-commodities produced on either our own farms or by around 4.7 million third party suppliers, plus processing and logistics, the breadth and depth of our business makes reporting a challenge. In 2016, we began to combine our sustainability reporting within our annual report. In 2017, we began to integrate it more formally so that stakeholders could take a look at a business segment, such as Confectionery and Beverage Ingredients, and get a more holistic view – financial, social and environmental.

For the 2017 report, we evolved to report against the Capitals (Financial, Human, Social, Natural, Intellectual, Intangible and Manufactured) and how we create value and minimize our negative impacts against each. This was a useful exercise on a number of levels. For pure reporting, it brought to the fore initiatives from around the business that might previously not have been considered within the annual report framework. It also forced us to consider what we were really saying about those sustainability initiatives we were including. Were we really explaining to stakeholders, why they were important and how they were contributing to our financial performance? Sometimes, we can be guilty of wanting to say everything, but without fully joining the dots for the reader. We have just had our first meeting for our 2018 report and we know that we can make many more improvements, from KPIs to impact metrics. We're excited about this journey, because we are seeing the reporting process becoming a catalyst for more dynamic engagement and activity across the business.

Olam's report has a clear description of the megatrends and regulatory considerations. How do you go about identifying and reporting on these?

Understanding our external environment, risks and opportunities is crucial to reaching our short- and long-term goals. Whilst in previous years we were disciplined in setting out the trends, challenges and context around the material areas under our sustainability framework, in the 2017 report we built on feedback from WBCSD's *Reporting matters* to be much more explicit in Sunny Verghese's CEO Review. Here, he aimed to show how consumer, commodities, monetary and financial, environmental and social trends connect, and subsequently how we have positioned the business to navigate them and create value. We also provide more specific examples of challenges and influencing factors against each of the capitals, which again helped to focus in the 2017 report.

Reporting on these trends help to provide consistent transparency and communicate our long-term value creation model, while engaging with and delivering information and insight to our stakeholders.

Olam International Strategy Report 2017 addresses natural and social capital impacts.

The report addresses externalities, natural and social capital impacts and how Olam is responding to them. Why did you choose this approach and how did you go about prioritizing the issues?

By moving to the Capitals model, we could start to demonstrate that they are strategic business drivers that we must measure and manage. Understanding the relationship between our financial and non-financial performance will help to identify sources of risk and long-term value creation.

We identify and prioritize material aspects to understand and manage the effects they have on our business. Our material areas and goals are embraced by a framework built on policies which drive our standards, procedures and technical controls. We look at what our business needs to achieve its strategic objectives. Reporting is a way of communicating this value creation, including information on natural and social capital. It helps to articulate our direction and enables us to speak the same language while getting there.

We would also say that this has been a bit of a light bulb moment for Olam which chimes with our new purpose to re-imagine global agriculture so that it works better for farmers, communities and our planet. In the process of trying to show how social and natural capital contribute to business performance and our intangible assets, we are exploring new methodologies of financially accounting for non-financial capitals.

In turn, this has brought together experts from across the business, helping to further embed sustainable practices and encourage wider thinking. Equally, such engagement is making sure that the sustainability teams remain strategic and demonstrate how each initiative will drive bottom line growth, if not in the short then in the medium to longer term. And in the process, it is creating huge amounts of intellectual capital across the functions and businesses.

The Singapore Exchange recently introduced sustainability reporting requirements as part of its listing rules. As a listed company, are you seeing increase in requests from investors for disclosures on ESG topics?

We receive questions from our different stakeholders – not only investors – on sustainability and also on very specific subjects. For instance, NGOs may ask for information on child labor and deforestation while banks are interested in our due diligence. In March 2018, we obtained a three-year sustainability-linked revolving credit facility. Aggregating US$500 million, it is Asia's first sustainability-linked club loan. Through this, we are committed to delivering sustainability targets for a comprehensive range of ESG metrics and we report against them for the loan. We are also signatories to the Task Force on Climate-related Financial Disclosures and we have actively started work to implement their recommendations.

In terms of integrated reporting, there remains the challenge that the framework doesn't clearly define a methodology of measurement and a clear reporting structure. As a result, different companies follow different practices which are not uniform and, hence, not comparable. In turn, this may give rise to more questions from investors, although that's no bad thing – the more engagement, the better the mutual understanding.

What are the major challenges you see in the reporting space and how is Olam responding?

Currently, financial reporting is company centric but global companies are increasingly under pressure to report beyond the bottom line and beyond the current confines of the company. Via the TCFD, financial markets have requested quantitative information from corporations to understand the risk of a 2-degree celsius increase on the business so that markets can correctly price in risk and allocate finance to address it. Communicating and reporting all of the above in a succinct manner is a challenge because the conventional framework does not clearly define methodology of measurement nor a clear reporting structure. As a result, companies follow different practices which are not comparable. Therefore, reporting impacts beyond financial, both historical and future (TCFD), and whether a company is meeting SDGs, is the challenge.

Mainstreaming impact valuation into Integrated Reporting (beyond just Olam) in a consistent and decision-useful manner, to the satisfaction of investors and auditors, is also going to be a challenge. Olam sees a need to put this information at the heart of its external stakeholder decision making and we would expect, in return, that there would be benefits provided to those companies who are demonstrating that they understand their issues and are acting on them to deliver long-term value. Olam participates in several external fora on this subject including WBCSD, Natural Capital Coalition and the Impact Valuation Roundtable, through which we hope to build consensus and mainstream the subject into the business and financial systems going forward.

Resources and relationships we depend on

Financial Capital
The investments we make, the assets we build and the value we derive for our shareholders

Social Capital
The relationships we forge and nurture with suppliers as well as communities where we operate

Natural Capital
The land, water, biodiversity and other ecosystem services for crops to grow

Human Capital
The talent, skills, dedication and inspiration of our workforce, and our responsibility to keep them safe

Intellectual Capital
The knowledge and IP that we create and use to keep us ahead

Intangible Capital
The trust in our brand and our reputation which helps establish multiple stakeholder partnerships

Manufactured Capital
The equipment, tools and infrastructure to create our products and services safely and sustainably

What we do

Selective upstream
- Perennial tree crops
- Broadacre row crops
- Dairy farming
- Forest concessions

What sets us apart
We have expanded upstream where we see the grower having an increasing share of the profit pool. These are also areas where we can build a significant cost advantage resulting in attractive returns.

Our vision is to be the 'world's best planter' and we are applying the highest standards in sustainable development with the aim of creating 'net positive impacts' for Olam, communities and the living world.

Supply chain
- Global origination and sourcing
- Primary processing
- Inland and marine logistics
- Merchandising
- Trading
- Value-added solutions
- Risk management

What sets us apart
The breadth and depth of our origins and our closeness to farmgate: in 28 years we have built an enviable network of farmers and cooperatives, working with them on the ground to improve yields, quality and incomes. This is coupled with expert teams, skilled in logistics, risk management and securing supplies for customers.

Selective mid/downstream
- Value added manufacturing
- Branding and distribution (Africa)

What sets us apart
We have invested in processing facilities around the world that are close to source and close to customers, supporting with R&D and backed by market insights.

Our Packaged Foods Business in Africa stems from the strength of our unique capabilities related to the management of food supply chains and the common distribution network that we have built over nearly 3 decades for related commodities across the continent.

The value we created in FY2017

17.9% increase in market cap value between 2016 and 2017

25.3% increase in tangible book value

363,000 smallholders supported in the Olam Livelihood Charter

101,000 hectares protected as High Conservation Value

22% improvement on irrigation and process water intensity (own operations)

237,000 hours of training for employees

40 partnerships in the Olam Livelihood Charter alone

S$970.6m total gross cash capex

The value we are creating long-term

Financial
An enduring business where profits and Purpose are aligned delivering strong returns for shareholders

Social
Sustainable supplies for customers from prosperous farmers boosting rural economies

Natural
A re-generated living world that is able to support the needs of the future within Planetary Boundaries

Human
An inspired and high-performing workforce that is re-imagining the agri sector for the better

Intellectual
A talented and agile business finding solutions for customers and the sector

Intangible
A reputable partner of choice to those who can help scale programmes and achieve our vision

Manufactured
Safe products from safe environments

Olam's business model diagram describes where they participate and create value across seven capitals.

Zooming out: sustainability reporting in Southeast Asia

Our research highlights that corporate disclosure of ESG performance is becoming increasingly important across Southeast Asia.

We have focused on seven countries (Singapore, Malaysia, Thailand, Taiwan, Vietnam, Indonesia and the Philippines) and identified 205 reporting provisions related to ESG issues. 62% of these provisions have been issued since 2000, a trend that was reflected in observations from WBCSD's Global Network partners in the region.

130 of the provisions are reporting requirements (Figure 7); they ask companies to disclose specific information about the ESG performance, either on a voluntary (25%) or mandatory basis (75%).

'Channel' refers to the route of disclosure and the communication of published information. This includes specialist systems and mainstream, integrated or sustainability reports. A clear majority, 85% (111) of the reporting requirements require disclosure through specialist systems (Figure 8). This allows companies to disclose information through online response systems, questionnaires, or forms and is often directly to an organization or authority requesting the information. This can limit access to information to only certain stakeholders and excludes it from main disclosure. Only 12% (15) require disclosure in mainstream reports.

Environmental issues are the focus of 65% of the 205 provisions (Figure 10). This is indicative of the wider macro challenges that companies are facing. As the region has developed economically and lifted many people out of poverty, environmental aspects such as air pollution have become serious challenges. WHO estimates there are 4.2 million deaths globally every year as a result of exposure to outdoor air pollution, with 99% of cities in Southeast Asia breathing air far in excess of WHO guideline levels.[10] Other environmental challenges in the region – including water security, deforestation and biodiversity loss – also have direct and indirect impact companies' employees, value chains and licenses to operate.[11]

Figure 7: Southeast Asia: Reporting provisions

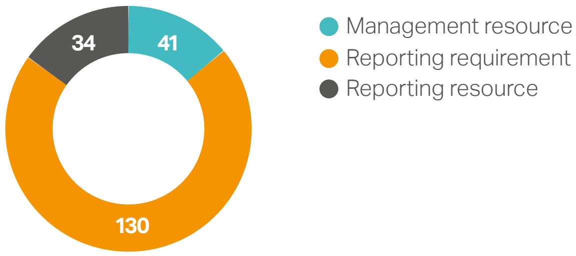


Figure 8: Southeast Asia: Requirements by channel of disclosure

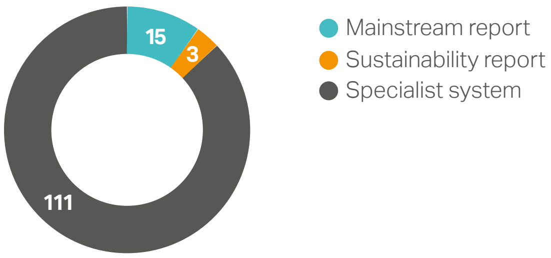
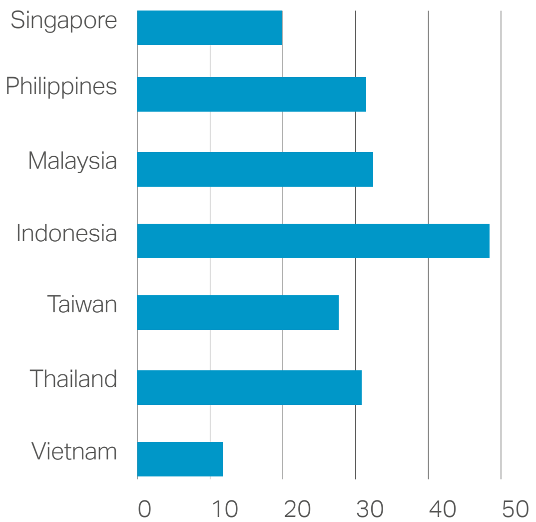


Figure 9: Reporting provisions by country



Our data shows that the current reporting landscape in Southeast Asia aligns most closely with the following SDGs: decent work and economic growth (SDG 8); responsible consumption and production (SDG 12); and peace and justice strong institutions (SDG 16) (Figure 11). Close alignment with SDG 8 and SDG 12 demonstrates a focus on increasing productivity, reducing unemployment and ensuring sustainable and inclusive economic growth, as well as proposed national frameworks for consumption and production ensuring that business practices are sustainable.[12] Building stronger alignment between reporting provisions and underrepresented SDGs – including water, poverty, emissions – could help society and businesses to tackle sustainability challenges in a more holistic way.

Top four reporting subjects in Southeast Asia

1. Health and Safety
2. Waste treatment, disposal and storage
3. Emissions
4. Water

Reporting requirements and disclosure of impacts and dependencies on these issues can help stakeholders and companies identify risks and opportunities in the short- and long-term.

Figure 10: Reporting provisions by subject in Southeast Asia

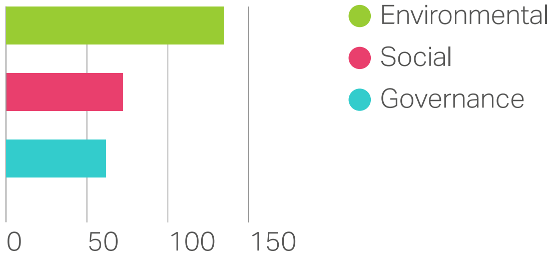


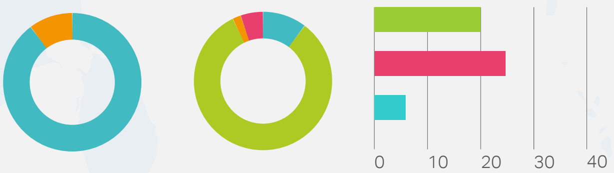
Figure 11: Southeast Asia - SDG focus

Data snapshot

Vietnam
GDP: :$223.8bn
Listed companies: 344

Vietnam Ministry of Natural Resources and Environment, Vietnam Ministry of Labour, Vietnam Ministry of Industry & Trade

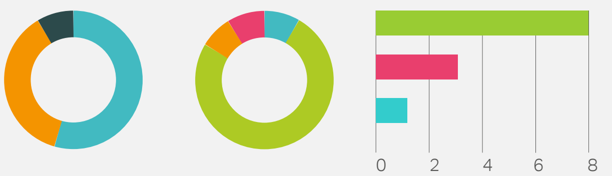
Reporting obligation | **Reporting channel** | **ESG focus**



Thailand
GDP: $455.2bn
Listed companies: 688

Key reporting actors: Thailand Ministry of Industry, The Stock Exchange of Thailand

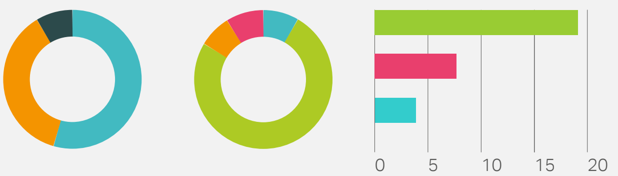
Reporting obligation | **Reporting channel** | **ESG focus**



Singapore
GDP: $323.9bn
Listed companies: 483

Key reporting actors: National Environment Agency, Singapore Exchange, PUB Singapore National Water Agency

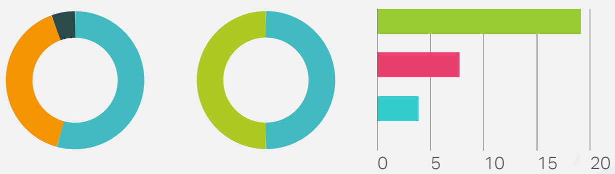
Reporting obligation | **Reporting channel** | **ESG focus**



Malaysia
GDP: $314.5bn
Listed companies: 894

Key reporting actors: Bursa Malaysia Berhad, Department of environment, Department of occupational health and safety

Reporting obligation | **Reporting channel** | **ESG focus**



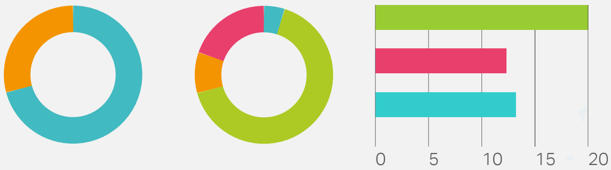
Listed companies refers domestic companies who have shares listed on an exchange in 2017. Foreign companies which are exclusively listed are also included. Investment funds, unit trusts, etc who hold shares of other listed companies excluded. A company with several classes of shares is counted once. Source: World Federation of Exchanges database.

GDP: All GDP data in US$

Taiwan
GDP: $579bn
Listed companies: 197

Key reporting actors: Taiwan Stock Exchange Corporation and Taiwan Environmental Protection Administration

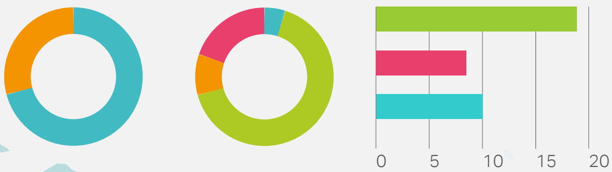
Reporting obligation | **Reporting channel** | **ESG focus**



Philippines
GDP: $313.5bn
Listed companies: 264

Key reporting actors: Philippine Government (Securities and Exchange), Department of Environment, Department of Labor and Employment

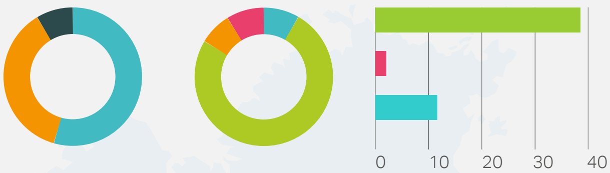
Reporting obligation | **Reporting channel** | **ESG focus**



Indonesia
GDP: $1tn
Listed companies: 566

Key reporting actors: Indonesia Ministry of Environment, President of the Republic of Indonesia

Reporting obligation | **Reporting channel** | **ESG focus**



Legends

Reporting obligation
- Mandatory
- Voluntary
- Comply or explain

Reporting channel
- Mainstream
- Specialist system
- Sustainability report
- No specified

ESG focus
- Environmental
- Social
- Governance

Reporting developments in Southeast Asian countries

We asked our Global Network partners in the region for an update on their country's sustainability reporting landscape and outlook.

Indonesia

Global Network Partner: Indonesia BCSD

As demand for transparency from stakeholders in Indonesia increases, sustainability reporting is also on the rise. Only 30% of the top 100 companies listed on the Jakarta Stock Exchange produced a sustainability report in 2016 but all publicly listed companies will have to submit a sustainability report by 2021. In 2016, the Indonesia Financial Service Authority issued specific regulation that requires the financial services sector to realize a financial system that applies sustainable principles. The Indonesia Government has also been a key driver in helping companies to realize the Sustainable Development Goals.

Key developments in the reporting landscape in Indonesia include:

- All current ESG-related reporting requirements are mandatory for companies that correspond to the set conditions.
- 60% of provisions are reporting requirements and the key actors in issuing these regulations include the Indonesia Ministry of Environment and the President of the Republic of Indonesia.
- Provisions mainly focus on environmental issues such as water use, emissions and effluents.
- Others cover governance topics relating to the Chairman and Non-Executive Directors.
- Sustainability reporting is largely based on GRI standards but there is a large variation on reported content and some reports consist only of community development, charity and philanthropic activity.

ibcsd

Indonesia Business Council For Sustainable Development

Malaysia

Global Network Partner: Malaysia BCSR

Sustainability reporting requirements for corporations in Malaysia are principally issued by the Bursa Malaysia (formerly the Kuala Lumpur Stock Exchange) which plays a leading role in enhancing transparency and sustainability reporting. It has issued guidance documents on governance, materiality and stakeholder engagement and it is also responsible for the Sustainability Framework which includes sustainability-related amendments to the Listing Rules.

Other key features of the reporting landscape include:

- A number of corporate governance provisions are issued by The Securities Commission and Bank Negara Malaysia (the Central Bank).
- Some 44% of provisions are related to governance matters, while the top ESG subjects focus on health and safety, effluents and emissions.
- Many of these topics are found in the Environmental Quality Act 1974 and the Occupational Safety and Health Act 1994, which outline specific reporting requirements for emissions and waste, risk assessments, accidents and medical surveillance.
- Around 50% of provisions are required to be disclosed through a specialist system with the other 50% directed to the mainstream report.

bcsr malaysia

Philippines

Global network partner: Philippine Business for the Environment (PBE)

The Philippine Government is taking a strong role in sustainability. It is responsible for issuing all 33 mandatory provisions and the Philippines is the only country to have 100% mandatory reporting on all provisions.

The requirements include:

- The majority (79 of the 33 provisions and 11 of the 13 reporting requirements) require disclosure through a specialist system directly to the relevant organization.
- Three provisions, all governance-related, are required through the mainstream report: The Corporation Code of the Philippines; The Credit Information System Act; and The Revised Code of Corporate Governance.
- Other provisions cover health and safety, emissions, succession and financial and business reporting.
- Presidential Decrees are issued for several environmental laws and labor policies and these provide a key focus for employment-related matters.
- The governance provisions are broader; the Corporation Code includes requirements on corporate structure, duty of members, and information on power and clarification of a corporation.
- Other provisions are more specific, for example Department Order 13 which provides the governing guidelines for occupational safety and health in the construction industry.

PBE

PHILIPPINE BUSINESS FOR THE ENVIRONMENT

Taiwan

Global Network Partner: BCSD Taiwan

Sustainability reporting is growing in Taiwan and efforts are being made to increase transparency and quality. In early 2018, the Securities and Futures Bureau of Financial Supervisory Commission published the New Corporate Governance Roadmap (2018-2020). It seeks to satisfy the non-financial reporting needs of investors and other stakeholders with a focus on improving data quality to align sustainable investment goals with capital markets.

Key developments in the reporting landscape in Taiwan include:

- It has been mandatory since 2014 that companies in certain industries listed on the Taiwan Stock Exchange (TWSE) and Taipei Exchange (TPEx), and those whose capital stock is above NT$ 5 billion, to disclose sustainability and non-financial information in accordance with GRI standards.
- This has resulted in an increase in publicly available reports from 212 to 460 during 2014 to 2017 in the GRI Database.
- All 17 current reporting requirements are mandatory for companies that fit the conditions.
- The key reporting provisions are set out in the Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, and the Taipei Exchange Rules Governing the Preparation of Corporate Social Responsibility Reports by TPEx Listed companies.

bcsd Taiwan

Business Council for Sustainable Development

> *"Part of our mission is to improve the level of information quality into investment-grade non-financial data"*
>
> *Taiwan BCSD*

Vietnam
Global Network Partner: Vietnam BCSD (VBCSD)

Vietnam's economy has developed significantly over the past 30 years and the Vietnamese government is embracing a more sustainable outlook to accompany this rapid economic growth. This is demonstrated through the evolving corporate reporting environment.

Key features of reporting in Vietnam are:

- A high percentage of reporting provisions focus on social matters; of the 55 ESG topics covered, 24 are related to social issues.
- This social focus stems from public sector claims on the 'right to know' about corporate activities, as well as a consumer focus on social impacts.
- Health, education, employment and migration are key issues and they are specifically included in the Constitution of the Socialist Republic of Viet Nam (1992), which seeks to 'create favorable conditions for the studies, work and recreation of young people'.
- Other common subjects covered by reporting provisions are waste, health and safety, and water. All 29 reporting requirements are mandatory for companies that fit the criteria, reflecting a strong demand for disclosure.
- 9% of provisions require disclosure via the mainstream report, all on governance matters, with the remainder requiring disclosure through a specialist system.

Vietnam Business Council for Sustainable Development (VBCSD)

Singapore
Global Network Partner: BCSD Singapore

Beyond the reporting requirements set out in this publication, there is significant recognition by the Singapore Government and the private sector that sustainability is now a business imperative that presents opportunities for value creation and risk mitigation.

It should be noted that Singapore is the first country in Southeast Asia to have introduced a carbon price.

Other key features of the reporting and sustainability landscape include:

- Code of Corporate Governance (6 August 2018): "Companies that embrace the tenets of good governance, including accountability, transparency and sustainability, are more likely to engender investor confidence"
- Singapore Institute of Directors issued a "Sustainability Guide for Boards"
- Numerous guidelines and subsidized training courses are being offered to companies
- Inter-Ministerial Committee on Sustainable Development formulates the national strategy in the context of domestic and global challenges. Its "Sustainable Development Blueprint" outlines targets and initiatives for the next 10 to 20 years.

bcsd singapore

About WBCSD's Global Network

WBCSD's Global Network is an alliance of more than 60 CEO-led business organizations worldwide. The Network, encompassing some 5,000 companies, is united by a shared commitment to provide business leadership for sustainable development in their respective countries and regions.

While WBCSD works at the global level toward accelerating the transition to a sustainable world by making more sustainable business more successful, the members of the Global Network, through their local and regional initiatives and activities, help to promote sustainable development at the local and regional levels.

Together, WBCSD and its Global Network partners create the global-local linkages necessary to promote business solutions for a sustainable world.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About the World Business Council for Sustainable Development (WBCSD)

WBCSD is a global, CEO-led organization of over 200 leading businesses working together to accelerate the transition to a sustainable world. We help make our member companies more successful and sustainable by focusing on the maximum positive impact for shareholders, the environment and societies. Our member companies come from all business sectors and all major economies, representing a combined revenue of more than USD $8.5 trillion and 19 million employees.

Our global network of almost 70 national business councils gives our members unparalleled reach across the globe. WBCSD is uniquely positioned to work with member companies along and across value chains to deliver impactful business solutions to the most challenging sustainability issues. Together, we are the leading voice of business for sustainability: united by our vision of a world where more than 9 billion people are all living well and within the boundaries of our planet, by 2050.

www.wbcsd.org

For more information contact Johanna Tähtinen
tahtinen@wbcsd.org

About the Climate Disclosure Standards Board (CDSB)

The Climate Disclosure Standards Board (CDSB) is an international consortium of business and environmental NGOs committed to advancing and aligning the global mainstream corporate reporting model to equate natural capital with financial capital. Recognizing that information about natural capital and financial capital is equally essential for an understanding of corporate performance, our work builds trust and transparency needed to foster resilient capital markets.

For more information contact David Astley
david.astley@cdsb.net

Find out more at **www.reportingexchange.com**

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