



CORPORATE SOCIAL RESPONSIBILITY

# SUSTAINABILITY REPORTING IN SINGAPORE

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Non-Financial Reporting Among Mainboard  
Listed Companies in Singapore:  
*A View of the Sustainability Reporting  
Landscape in 2010-2011*

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## EXECUTIVE SUMMARY

Singapore Compact for CSR embarked on this research project to find out more about the state of voluntary sustainability reporting among mainboard-listed companies in Singapore. While the sustainability reporting scene in Singapore is very new compared to various other economies, there has been considerable growth in reporting and awareness. The latest development came at the end of June 2011, when the Singapore Exchange, following the example of a number of similar institutions around the world, showed clear encouragement for non-financial reporting practices through the release of the Guidelines for Sustainability Reporting.

This project placed an emphasis on a broad understanding of existing practices, given that sustainability reporting has made significant steps towards visibility but remains in the early stages. As far as possible we strove to give companies credit where it was due, recognizing efforts to include details on non-financial practices even if there was sometimes a lack of assessment or depth.

Results of the study show that of the 562 companies listed on the SGX mainboard at the end of 2010, only 79 had some merest form of reporting, with only a large handful of reports approaching comprehensiveness. Nonetheless, this signified an increase from the previous year. Of this 79, a significant majority of the reports came from large enterprises, even though they made up the smallest group of companies by market capitalization. The agriculture and transport, storage and communication sectors had the highest rate of reporting in general, whereas the service and construction industries had the lowest. The higher rate of reporting may be due to the broad range of issues faced by agriculture and transport, storage and communication companies, and the heightened visibility of issues such as climate change and technological innovations, which directly affect these two sectors. On the other hand, the comparison between the connected property and construction sectors highlights the fact that property developers lead in sustainability reporting, with companies such as Capitaland, City Developments Limited and Keppel Land having been recognized for their reporting practices in recent years. The practice, however, seems not to have spread to other players in related industries.

The area with the highest scores and greatest depth of reporting by far was Governance, mostly likely because of the mandatory requirement for listed companies to disclose compliance with the Code of Corporate Governance. This in turn suggests that government, institutional and investor involvement is likely to be effective at setting minimal levels of reporting for listed companies. The Environment and Labour categories tended to be the least reported, suggesting that most companies still emphasize economic considerations and community volunteerism. At the same time however, while the rates for reporting under Labour tend to be low, this may not accurately suggest that companies neglect internal stakeholders; rather labour issues may be so ingrained that they might not be seen as part of the “new” idea of sustainability.

Out of the 79 reports, most of the more comprehensive examples followed the Global Reporting Initiative (GRI) framework (about 14%), with just over half that number referencing the United Nations Global Compact (UNGC) principles as a framework of sorts. This suggests that adopting established frameworks may be an effective guide to a systematic internal assessment and detailed reporting of sustainability practices.

## Contents

1	INTRODUCTION TO SUSTAINABILITY REPORTING .....	3
1.1	Importance and Advantages of Sustainability Reporting .....	3
2	PROJECT OBJECTIVE AND RATIONALE .....	4
3	RESEARCH PROCESS.....	5
3.1	Project Scope .....	5
3.2	Definitions and Assumptions.....	6
4	OVERVIEW OF SUSTAINABILITY REPORTING (SR) LANDSCAPE .....	7
5	COMMUNICATING AND ASSURING SUSTAINABILITY REPORTS .....	9
5.1	Report Structure and Assurance .....	10
6	ASSESSMENT OF SUSTAINABILITY REPORTS.....	11
6.1	Governance (Gov) Indicators.....	12
6.2	Environment (Env) Indicators .....	13
6.3	Labour Rights and Practices (LR&P) Indicators.....	14
6.4	Economic (Econ) Indicators .....	15
6.5	Community and Society (C&S) Indicators.....	16
6.6	Sector Highlights and Comparisons.....	17
7	NOTABLE EXAMPLES.....	21
8	CONCLUSIONS AND FUTURE OUTLOOK .....	25
9	APPENDICES.....	28

## 1 INTRODUCTION TO SUSTAINABILITY REPORTING

Sustainability reporting (SR) is the practice of measuring, analysing and disclosing information on non financial aspects of a company's performance and operations. Sometimes used interchangeably with corporate social responsibility (CSR) reporting, the broad areas of disclosure include governance, environment, human and labour rights, economic factors and local communities and society. The purpose of a sustainability report is to present a balanced representation of the reporting company's performance and management practices beyond the financial, thereby providing stakeholders with a clear and fuller understanding of its strategy and ability to maintain and improve its performance into the future.

The importance of sustainability reporting has grown significantly over the last ten years, indicated by an increasing number of companies releasing sustainable reports alongside, or integrated within, their annual reports. Based on figures from the Global Reporting Initiative (GRI), the number of reports since 2000 has increased by over 30 times or 3000% globally, with a 22% increase in 2009-2010 alone<sup>1</sup>. The basis of this trend is the realisation that companies can no longer rely solely on their financial resources and success to sustain themselves in the long run. Increasing stakeholder awareness, depleting natural resources, a company's reputation in environmental and social aspects and the importance of and competition for skills and talent contribute to the global rise in sustainability reporting. There have also been indications in various economies that the demand for greater accountability and better integrated business practices in the wake of the financial crises is likely to spark a rise in voluntary sustainability reporting.<sup>2,3</sup>

### 1.1 Importance and Advantages of Sustainability Reporting

The fundamental objective of sustainability reporting is to increase a company's transparency and accountability to stakeholders. This improves stakeholder communication and engagement which would lead to the development of a business environment of trust and assurance, while potentially providing an active feedback mechanism through investor response. Many companies also report on their sustainability performance and

<sup>1</sup> Global Reporting Initiative Report Services (2010). *GRI Sustainability Reporting Statistics*. Retrieved August 28, 2011. <http://www.globalreporting.org/NR/rdonlyres/EDEB16A0-34EC-422F-8C17-57BA6E635812/0/GRIReportingStats.pdf>

<sup>2</sup> Global Reporting Initiative (2010). *Executive Brief: The Amsterdam Global Conference on Sustainability and Transparency: Rethink. Rebuild. Report*. Retrieved September 23, 2011. [http://www.amsterdamgriconference.org/2010\\_GRI\\_Global\\_Conference\\_Executive\\_Briefing.pdf](http://www.amsterdamgriconference.org/2010_GRI_Global_Conference_Executive_Briefing.pdf)

<sup>3</sup> Jackie Nevill (2010). *Cleaning up after the crisis*. Retrieved September 22, 2011. <http://www.yourbuilding.org/Article/NewsDetail.aspx?p=83&mid=1642>

practices as a means to improve their reputation and image. Furthermore, by reporting on non-financial aspects, companies will need to carry out a holistic evaluation of its performance and process, thus achieving better internal understanding of otherwise overlooked areas in relation to core business. This will in turn enable them to establish better corporate governance and improve their internal processes.

## 2 PROJECT OBJECTIVE AND RATIONALE

Although sustainability reporting has been made mandatory by bourses in several other countries such as Malaysia, companies listed in Singapore are not legally obligated to issue such reports. However, the release of the “Policy Statement on Sustainability Reporting” by the Singapore Stock Exchange (SGX) underscores the increasing emphasis on holistic disclosure of listed companies in Singapore.

The aim of this research project is to gain an insight into the current sustainability reporting landscape in Singapore. The primary objective is to understand the existing practices and extent of voluntary disclosure of non-financial reporting in order to obtain an accurate idea of the current standards and level of reporting among companies in Singapore, as well as the focus areas of reporting for the different sectors. The secondary objective is to identify the gaps between current and expected standards which will need to be filled when implementing or improving sustainability reporting. This would enable professionals and policy developers to gauge the direction in which sustainability reporting is headed and understand the requirements of reporting.

### 3 RESEARCH PROCESS



#### 3.1 Project Scope

The research was restricted to the 562 companies listed on the SGX mainboard in December 2010. The Catalist and Real Estate Investment Trust (REIT) list, as well as unlisted companies, were excluded so as to maintain focus on the potential changes in the sustainability reporting scene in Singapore, which is most likely to be led and best reflected by the mainboard listed companies. Excluding the REITS list in this study also ensured focus on parent companies and a more accurate picture, rather than specific investment securities and trusts.

For the purpose of this study, the latest sustainability reports as at June 2011, which consisted mostly of 2009/10 reports and a handful of 2010/2011 reports, were used for the most up-to-date information. Considering that the basis of sustainability reporting is a disclosure to a broad group of stakeholders, only externally available, and not internally circulated, reports were included.

The assessment of the reports followed a general framework applicable across all companies implying that weightings based on sector-specific requirements and practices were not considered. However, the scoring system and sector analysis in phase 2b will highlight the significant differences in reporting practices for each sector.

### 3.2 Definitions and Assumptions

Since disclosure on certain aspects of governance and economic performance and practices is mandatory for listed companies, in order to be considered a sustainability report for the purpose of this paper, information on one of the other categories – labour, environment and community – had to be provided. In many cases this meant that companies which reported on little else in detail besides community initiatives were also included as a gesture of fairness. While volunteerism and philanthropy—the most common forms of community engagement—are now considered the most superficial forms of sustainability, if at all, efforts to comprehensively report on these non-financial activities which involved community stakeholders were accepted for the purposes of this paper.

A key assumption was also taken that sustainability reports, as communication tools, are meant to be accessible to stakeholders. Thus the 32 companies which were not contactable for various reasons (see Appendices) were assumed not to practise any form of sustainability reporting.

It was further determined in the initial phase of the project that part of a company's inclusion as an organization practising sustainability reporting would entail an actual, separate report from scattered webpages as part of a corporate website. Thus, while an overwhelming number of listed companies today publish information on their website, only compiled or published reports were included. As such, websites which required visitors to trawl for specific information on sustainability performance, however detailed, were not considered reports.

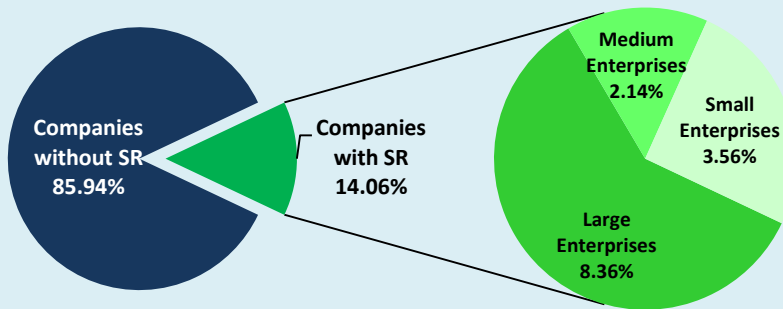
It must be emphasised that there can be no sustainability reports without companies practicing CSR and sustainability. We have thus assumed that sustainability reports are a reflection of their CSR practices.

The report uses the term large, medium and small companies. Large companies are those with market capitalisation of more than \$1 billion. Medium sized companies are those with market capitalisation of between \$300 million and \$1 billion and small companies have a market capitalisation of less than \$300 million. These are based on Singapore dollar figures unless otherwise stated.

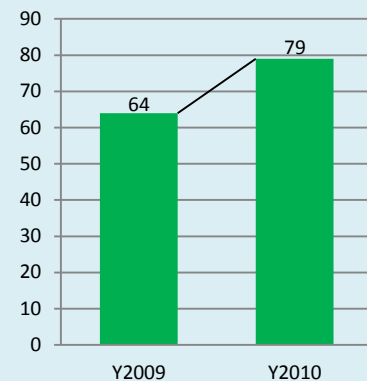


## 4 OVERVIEW OF SUSTAINABILITY REPORTING (SR) LANDSCAPE

**Figure 1: Small Proportion of Companies with SR**  
% of Singapore listed companies with SR  
Breakdown of these companies by Market Cap



**Figure 2: More Companies with SR**  
Number of Companies with SR



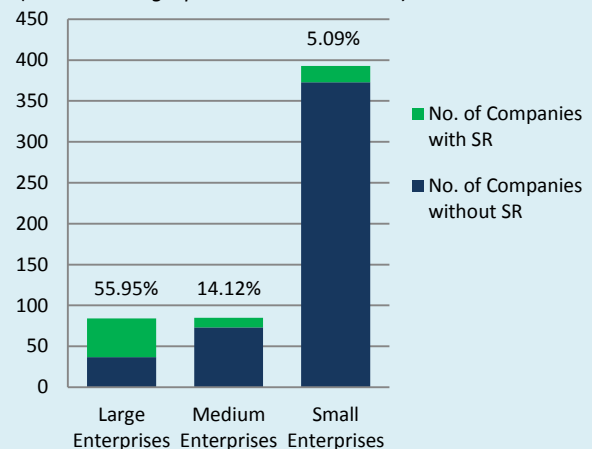
Out of the 562 companies listed on the SGX mainboard, only 79 or 14.06% of them have engaged in sustainability reporting activities. This could be because sustainability reporting is just beginning to gather momentum, especially in Singapore, where the practice remains less widespread overall compared to overseas economies such as Europe. Despite the small proportion, this number has increased by almost 25% from the previous year, indicating a positive trend and an increasing awareness of the importance and benefits of sustainability reporting.

Notably, companies with larger market capitalization tend to have a higher rate of reporting. Despite large enterprises forming just under 15% of all companies, they make up 60% of those practicing sustainability reporting. This is a sharp contrast to small enterprises which, despite outnumbering large firms by over 400%, only make up 25% of the companies with sustainability reports. (See **Appendix 2** for the breakdown of SR in Singapore by market capitalisation)

The disparity in reporting rates could be due to the manpower, expertise and financial resources often

**Figure 3: Larger Company, Higher Likelihood of SR**

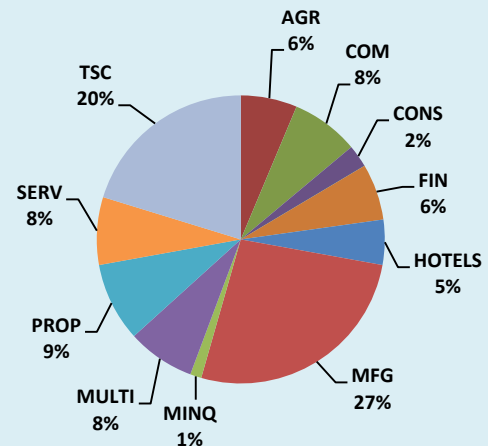
Total number of listed companies by market cap.  
Proportion of these companies that does SR  
(Value above graph indicates % with SR)



needed for reporting of any kind, as well as the greater global awareness of larger companies which may have increased their appreciation for sustainability reporting. Large companies also have a higher profile and receive greater public and media attention, which may have been an added impetus to engage in sustainability reporting. Furthermore, companies with a smaller pool of resources may feel the need to place reporting on hold and channel resources into other business aspects that are considered a higher priority or require urgent attention.

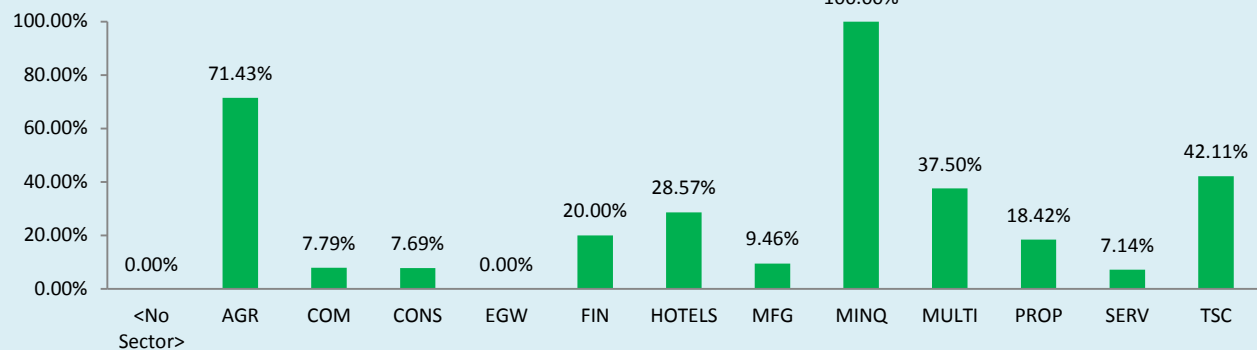
The sector breakdown of the companies with sustainability reporting shows that reports from the Manufacturing (MFG) and Transport, Storage and Communication (TSC) sectors forms the largest proportion. However, this sector breakdown does not reflect that of all the listed companies as the rate of reporting varies greatly across sectors. Although the MFG sector contributes 27% of the sustainability reports, this is only 9.46% of all MFG companies. On the other hand, the Agriculture (AGR) sector, which contributes only 6% of the reports, has a 71.43% reporting rate, probably due to significant or high-profile issues facing the economies within which companies operate. Furthermore, the Electricity, Gas and Water (EGW) and the Mining and Quarrying (MINQ) sectors have only one company each and thus, their reporting rates of 0% and 100% respectively, are determined by that one firm alone. (See **Appendix 2** for the breakdown of SR in Singapore by sector)

**Figure 4**  
Breakdown of companies with SR by sector



**Figure 5: Sustainability Reporting Rate Differs Greatly Across Sectors**

Proportion of companies with SR for each sector (Note that EGW and MINQ only have 1 company each)

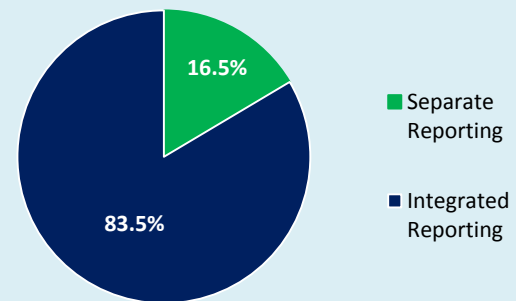


## 5 COMMUNICATING AND ASSURING SUSTAINABILITY REPORTS

The vast majority of the sustainability reports are integrated reports where information on the firm's actions and policies on environment, labour rights and practices and community and society are included within the annual report.

While the definition of integrated reporting still varies among sustainability practitioners, our research suggests that most companies are still at a very early stage of integrated reporting.<sup>4</sup> For most integrated reports, sustainability reporting is essentially a section within companies' annual reports, although there are a few companies that do incorporate the different aspects of sustainability performance throughout the entire report.

**Figure 6 Most SRs are sections in annual reports**  
% of SRs that were separate or integrated reports



Furthermore, while almost all companies had downloadable reports, no companies engaged in true online reporting.<sup>5</sup> That is, none of the reports were tailored or interactive, targeted at individual stakeholder groups, incorporated reader feedback, or regularly updated within the year.<sup>6</sup>

A minority of 16.5% are separate standalone reports issued by the company and the title of such reports varies from "Sustainability Report" to "CSR Report" to "Environmental Report". In Singapore's current sustainability landscape, separate reports tend to provide more information on the company's sustainability performances and practices than integrated reports. This is probably because having a separate report dedicated purely to the sustainability aspects of the company not only heightens the focus on specific concerns and actions, but also

<sup>4</sup> For an oft-cited example of thorough integrated reporting, see Novo Nordisk's Annual Report.

<sup>5</sup> There is a broad consensus that online reporting is likely to be the future direction of sustainability reporting, with greater interaction and consideration of targeted stakeholder groups' interests. These may even include multimedia and interactive dialogue. See Guardian Sustainable Business (2011). *The future of sustainability reporting will be plural, bespoke and continuous*. Retrieved 23 September, 2011. <http://www.guardian.co.uk/sustainable-business/blog/sd-reporting-plural-bespoke-continuous>  
Also, Candace Hodder (2011). *The Future of Sustainability Reporting*. Retrieved (22 September 2011). <http://www.globalreporting.org/NewsEventsPress/LatestNews/2011/FeatureArticleCompetitionThirdPlaceCandaceHodder.htm>

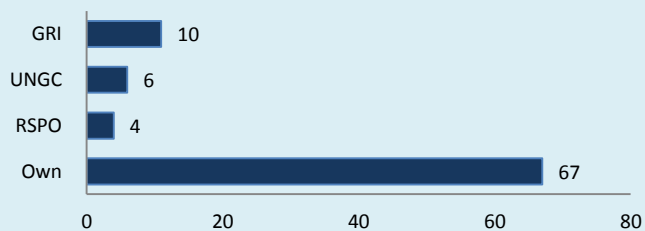
<sup>6</sup> For comparison, see Hong Kong's CLP Group's Online Sustainability Report, which has an interactive index, interim updates and a relatively detailed SR feedback form. [www.clpgroup.com](http://www.clpgroup.com). The company also issues shorter versions with their Annual Report. CSR Europe also has a list of companies engaging in various forms of online reporting, including BHP Billiton, British Telecom, and Centrica PLC. Centrica and companies such as Bayer and Aviva allow readers to customize an individualized report by selecting relevant sections, marking and annotating them.

emphasises the company's stand towards sustainable practices and reporting. (See **Appendix 3** for exact figures on the different reporting modes)

## 5.1 Report Structure and Assurance

Perhaps because sustainability reporting is a relatively new concept to most firms, most reports follow different structures. There is currently no standard or common reporting framework used across a majority. However with SGX's Guide to Sustainability Reporting, there may be more uniformity and standardisation in the coming years, with greater awareness of the Global Reporting Initiative (GRI) framework and reporting in general.

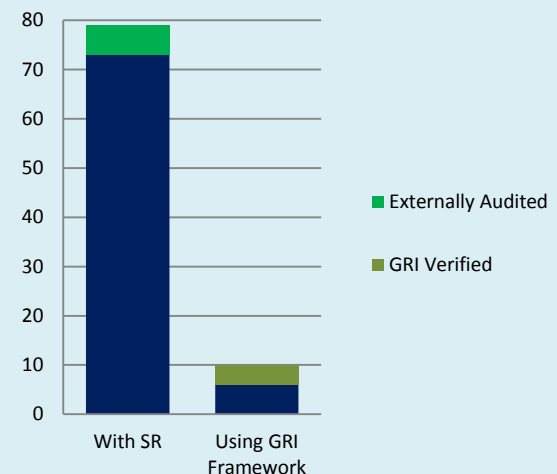
**Figure 7 No Standard Reporting Structure**  
Number of companies using the different frameworks  
(Note that companies may use more than 1 framework, with consequent overlap)



While 67 of the 79 companies do not use any established framework, there are several companies that follow one or more of the better known international standards. The most commonly used is the GRI, an organisation focused on making disclosure of ESG (environmental, social and governance) performance a standard practice to increase transparency and promote responsible practices. Other standards include the United Nations Global Compact (UNGC) framework, ten universally accepted principles that cover human rights, labour, environment and anti-corruption; and the Roundtable on Sustainable Palm Oil (RSPO) that applies only to certain industries.

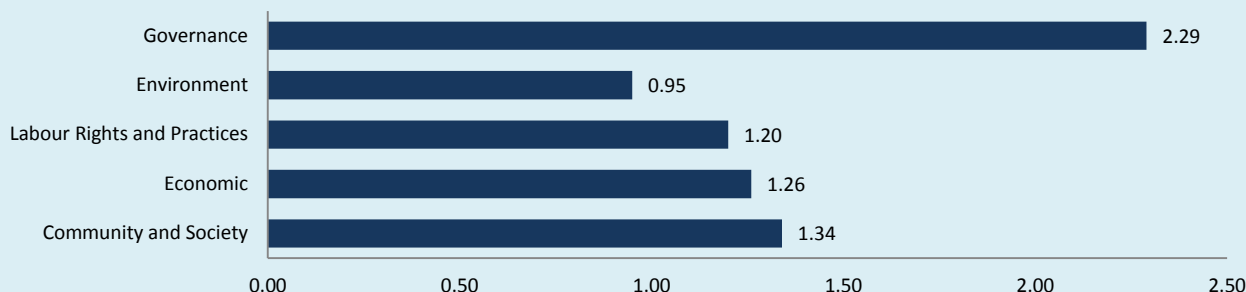
Unlike financial statements, sustainability reports are usually not audited, and there are currently only a few firms that provide this service. This may indicate potential gaps in substantiating reports. Furthermore, most companies following the GRI framework were self-declared with only 40% having GRI-checked reports. (See **Appendix 3** for exact figures)

**Figure 8 Minority of Reports Audited/Verified**  
Proportion of total reports audited  
Proportion of GRI framed reports verified



## 6 ASSESSMENT OF SUSTAINABILITY REPORTS

**Figure 9 More Disclosure and Detail for Governance Aspect**  
*Overall Average Score of All Sustainability Reports in Singapore*



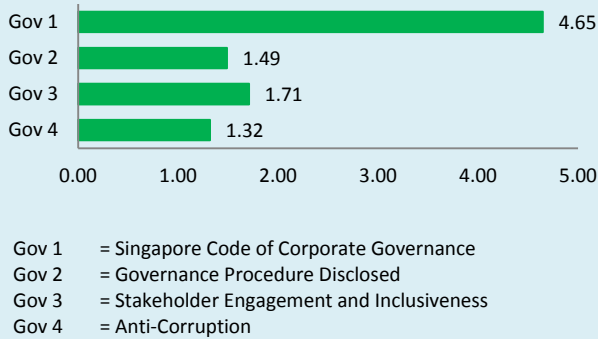
The overall average score for each category reflects the level of detail, disclosure and coverage for the particular category under Singapore's current sustainability reporting landscape. It is calculated by taking the average of the scores of the indicators under each category for all the sustainability reports based on the quantitative framework drawn up. The framework endeavours to further rank disclosure practices using a 0-1-4-9 scale.

It should be noted that as the framework applied across sectors, there was a range of possibilities for each score. A 9 was only awarded to rare and truly outstanding reporting practices and should not be considered a denominator. Consequently, the "1" and "4" bands were widely defined, with most reports falling into these bands. Given the limitations of any evaluation across such diverse sectors, the most valuable insights come not from numerical scores, but from the broader picture gleaned, as well as comparisons between categories.

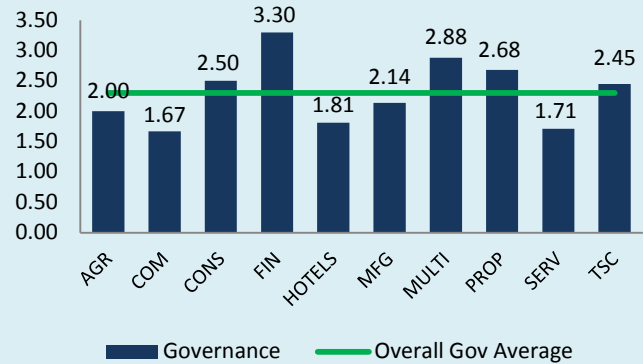
The breadth and depth of information on governance is significantly more than in other aspects. This is most likely due to the mandatory Singapore Code of Corporate Governance, which is one of the indicators under this category and which often prompts companies to report on the other indicators – governance procedures, stakeholder engagement and anti corruption. Out of the four remaining categories, community and society was the most reported on, while the coverage on environmental performance and practices is considerably less than the other categories. This may be surprising given the growing awareness in both the public and private sectors of climate change issues, as well as legislation such as the Green Mark certification for developments, but suggests that environmental issues are largely limited to property and agriculture companies which are directly impacted. This is confirmed by the two sectors' relatively high performance in the environment category (see 6.2)

## 6.1 Governance (Gov) Indicators

**Figure 10 Mandatory Code Drives Overall Score**  
Governance Indicators Overall Average Score



**Figure 11 FIN Sector Discloses More on Governance**  
Governance: Sector Comparison to Overall Average



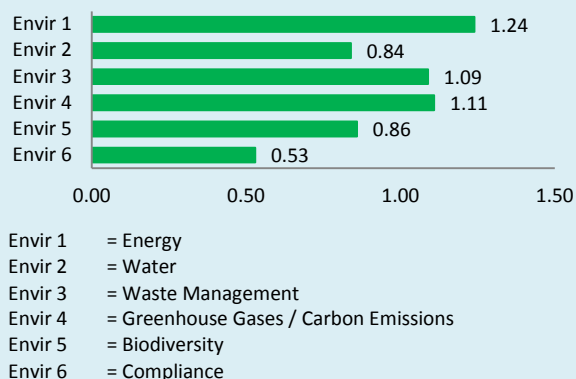
The high governance score reflects mandatory requirements of the Singapore Code of Corporate Governance, which is one of the indicators under this category and for which majority of companies scored 4. Despite this, the general observation is that companies usually meet, rather than exceed, the Code's requirements. In comparison, the disclosure on governance procedures, stakeholder engagement and inclusiveness and anti-corruption is noticeably lesser: companies tend to disclose policies but not processes and controls in place.

Under Principle 14 and 15 of the Singapore Code of Corporate Conduct, most companies report on available communication channels with their shareholders, but only a handful discussed their interaction with other stakeholders on how information was provided and how feedback was received and responded to. As a result, reporting on stakeholder engagement and inclusiveness is limited. Despite being a common function under the Audit Committee, reporting on anti-corruption is limited as most companies do not report on such policies, procedures and control measures. Usually only the existence of a whistle-blowing policy or available channel is mentioned, leading anti-corruption scoring the lowest. Note that this does not reflect actual practices, especially given Singapore's record of low corruption, but rather suggests that considerable potential for reporting on governance procedures and policies is not being developed. This in turn indicates a gap in reporting practices.

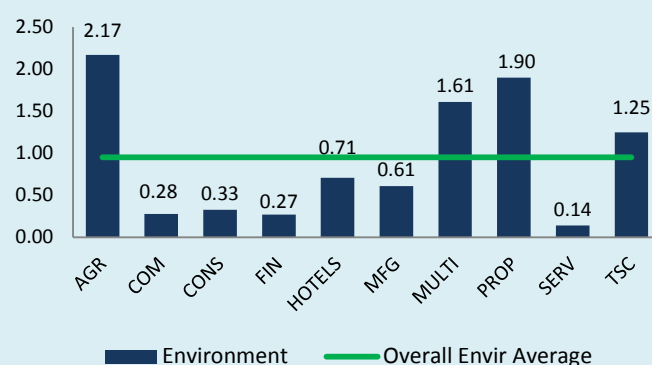
The overall average governance score is driven mainly by the Finance (FIN), Multi-Industry (MULTI) and Properties (PROP) sectors which have scores significantly exceeding the overall average. In particular, finance companies heavily outperform other sectors in this category, partly due to its nature, as well as the tight regulations and investor scrutiny the sector faces, especially in light of the recent global financial crisis.

## 6.2 Environment (Env) Indicators

**Figure 12 Little Disclosure on Compliance**  
*Environment Indicators Overall Average Score*



**Figure 13 AGR Sector Discloses Most on Environment**  
*Environment: Sector Comparison to Overall Average*



The three indicators that were most reported on are energy, waste management and greenhouse gases and carbon emissions. Although varying from the recycling of used paper to the disposal of hazardous industrial waste, most companies need to have waste management practices and policies, which they were likely to mention in their reports. The higher score in energy and greenhouse gases is possibly a response to the increase in public awareness and media pressure that has resulted from recent climate change issues.

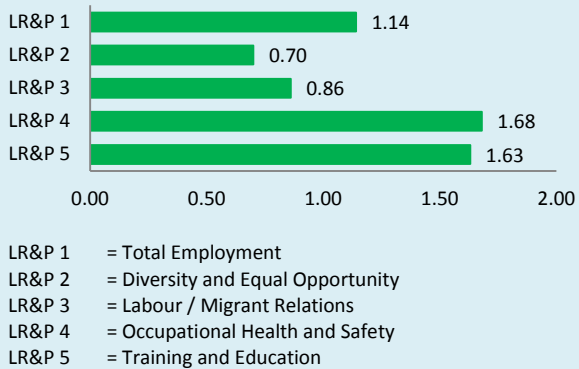
Amongst all environment indicators, compliance is exceptionally low as companies generally do not provide information when there is no issue of non-compliance. However, there are a small handful of companies that do state the environment related regulations and industry standards that they had complied with and met, and these tend to be the companies which have done fairly well in reporting depth overall.

The Agriculture (AGR), Multi-Industry (MULTI), Properties (PROP) and Transport, Storage and Communication (TSC) were the clear drivers of the overall average environment score, with the agriculture sector having the highest score of 2.17. This is likely to be due to the direct impact that agricultural activities have on the environment and the sector's reliance on natural resources, hence the greater potential for detailed exploration of environmental impact and policies. Consequently the vast differences in scores between these 4 sectors and others such as the Finance (FIN) and Service (SERV) sectors suggests that organizations whose core businesses do not revolve around environmental concerns tend not to consider this, or consider this a priority, in their sustainability practices and reporting. Furthermore, it is possible that these sectors may not have much to report compared to other categories of reporting.

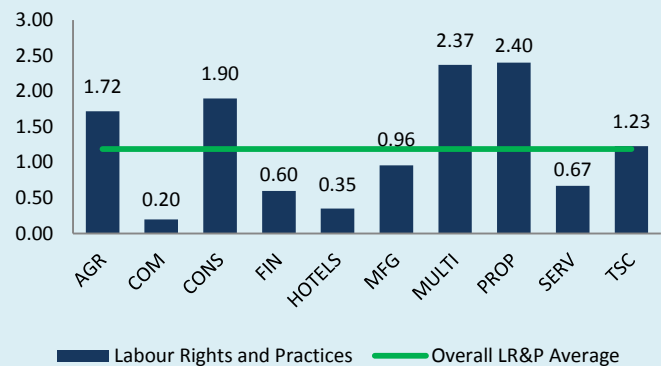


### 6.3 Labour Rights and Practices (LR&P) Indicators

**Figure 14 Focus on Health, Safety and Training**  
LR&P Indicators Overall Average Score



**Figure 15 Labour Intensive Sectors Drives LR&P Score**  
LR&P: Sector Comparison to Overall Average



Occupational Health and Safety (OHS) and Training and Education are the highest scoring indicators within this category. These areas are usually the most focused on as it directly relates to the company's prospects and operations, with many reports having specific sections on acquiring and retaining talent and safety risks, measures and controls. This is information which shareholders are generally more interested in as it reflects the company's ability to remain current and ensures business continuity. Reporting on anti-discriminatory policies and relations with employees still lag behind with less emphasis as indicated by their lower score.

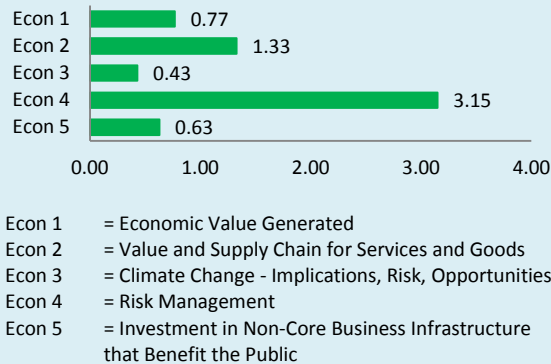
With the exception of the Manufacturing (MFG) sector, labour intensive sectors such as Agriculture (AGR), Construction (CONS), Properties (PROP), Mining and Quarrying (MINQ) and multi-industry (MULTI) report heavily on labour rights and practices. Manpower is often a key driver of these companies' success and employees in these sectors are engaged in activities which are located in inconvenient sites and/or are involved in difficult work.

While these differences are understandable however, one would expect labour issues and practices to apply across all industries to some extent, as employee development and talent retention remains key across sectors, particularly with economic uncertainties. Given the greater response to Community indicators (see 6.5) and general perceptions of sustainability, it is likely that most organizations may still see labour rights and practices as part of everyday business aside from sustainable practices, whether or not there are actually any diversity, industrial relations, OHS and development programmes in place. This again represents potential development opportunities in an area which is under-reported despite fairly advanced practices.

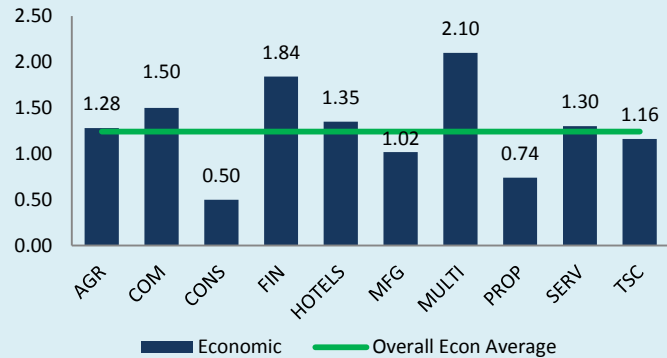


## 6.4 Economic (Econ) Indicators

**Figure 16 Little on Socio-Economic Aspects**  
*Economic Indicators Overall Average Score*



**Figure 17 FIN and MULTI Sectors Drive Economic Score**  
*Economic: Sector Comparison to Overall Average*

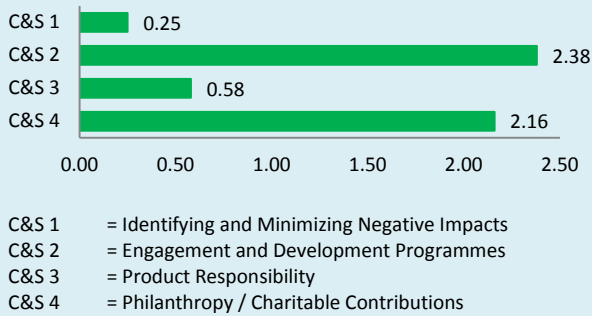


There is, by far, the most disclosure on risk management. This is not surprising as reporting financial risk management is a standard practice and this often leads to more disclosure on other risk management and mitigation strategies such as those pertaining to operations or human capital. However, the disclosures on other indicators that reflect the socio-economic aspects of business are much lower by comparison. These include climate change, investment in non-core business infrastructure that benefits the public and the impact on the broader economy. These aspects are usually easily overlooked as it is not a direct outcome of the business activity and it may be difficult for companies to measure or analyse. In addition, these areas tend to be subsumed or overlooked in conventional approaches to sustainability, and the connection between economic considerations and sustainability may not occur to practitioners and reporters. Yet again, this suggests a gap between reporting and actual practices, as well as an opportunity for companies to highlight and assess this aspect of their financial and sustainability performance.

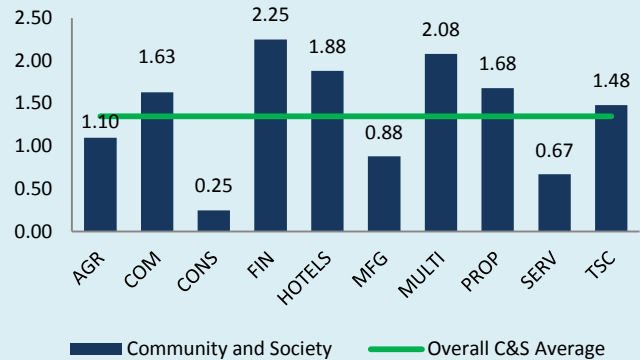
Drivers of the overall average score for this category are the Finance (FIN) and Multi-Industry (MULTI) sectors, most likely due to their emphasis on risk in various areas of operations.

## 6.5 Community and Society (C&S) Indicators

**Figure 18 Clear Areas of Emphasis**  
C&S Indicators Overall Average Score



**Figure 19 FIN Sector Discloses Most on C&S**  
C&S: Sector Comparison to Overall Average



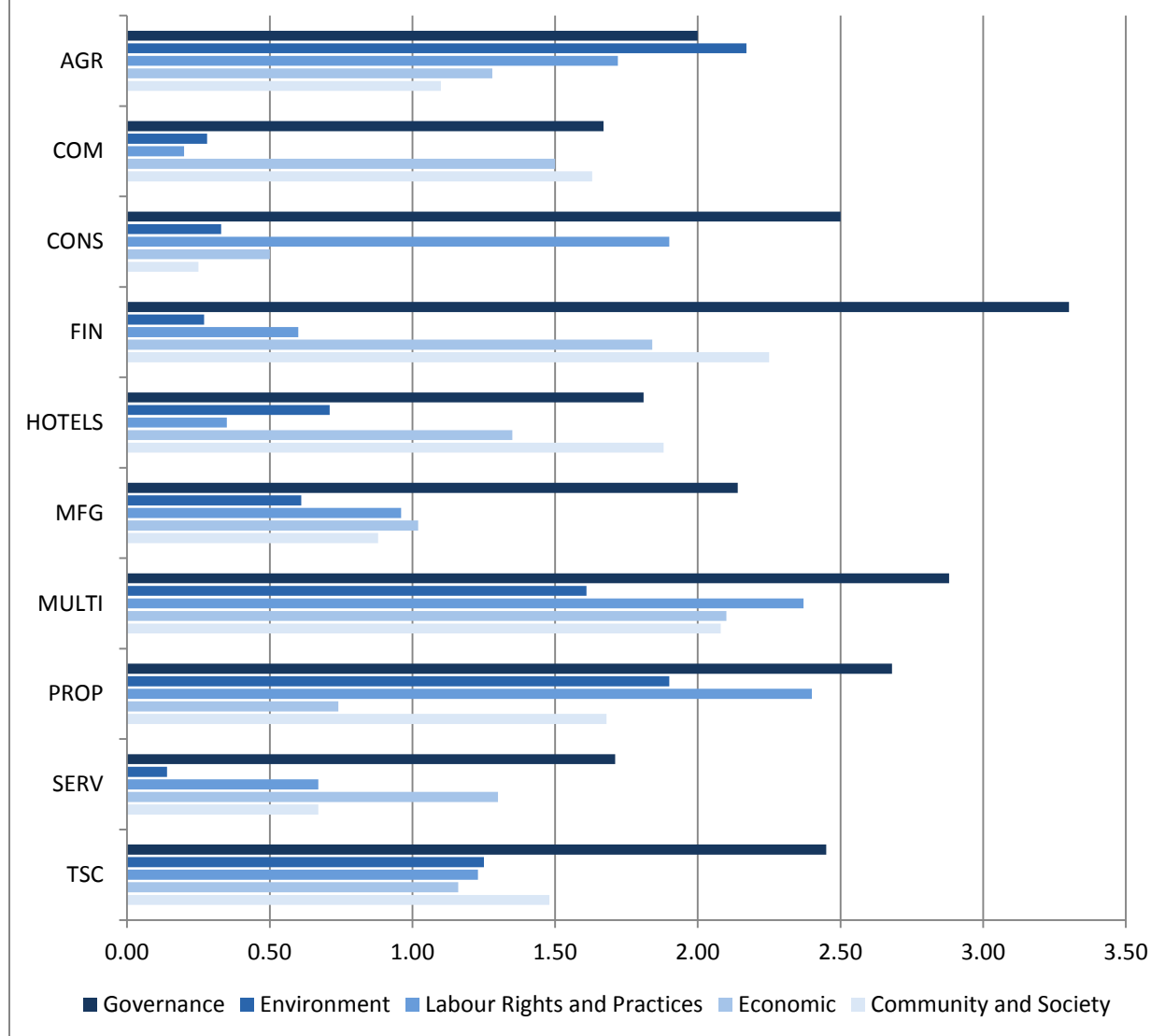
The disclosure on companies' community engagement and development programmes and the corporate philanthropy and charitable contributions far exceeds that of product responsibility and minimising the negative impacts of their business activities. Again, this is very unlikely to be a sign of actual product responsibility practices, but rather of areas still unreported or perhaps not considered part of sustainability, suggesting that a higher standard of sustainability practices exists in reality even if companies are unaware of their significance. While companies do engage in product responsibility practices, only a few of them provide information in this aspect. Even companies with a very comprehensive sustainability strategies appear to have limited disclosure in this area, which is possibly due to the belief that product responsibility is implied in the business activities. Most companies usually report only on their monetary contributions or community involvement programs such as employee volunteerism or educational scholarships, which are also much more straightforward to track and disclose.

The reports suggest that most companies still consider corporate social responsibility as simply giving back to the community as opposed to being responsible for the business impact on society and creating sustainable practices for long term development, hence the emphasis of reports. The data suggests that objectives for activities related to community and society are distinct and often not aligned with the main corporate strategy.

## 6.6 Sector Highlights and Comparisons

**Figure 20**

*Overall average category scores for each sector*



(See **Appendix 2** for the exact category scores for each sector and comparison of sector indicator scores to overall average)

*Note that in indicator figures for sector comparisons in Section 6, EGW and MINQ companies have been excluded. Each category only has one company, and thus figures would otherwise not be representative.*

### **Agriculture**

The sustainability reports from the agriculture sector are well balanced, providing fairly equal disclosure in all categories. This sector ranked the highest in the environment category and the disclosure coverage and detail on greenhouse gases, waste management and biodiversity was exceptional. The emphasis on environment, particularly biodiversity, could be due to agriculture companies' utilisation and acquisition of large areas of land which is required for their business operations, and hence a greater direct impact and contact with parties involved in species conservation especially in overseas operations. Agriculture companies are thus more involved in the management of this land and the surrounding environment, with more direct connection to its sustainability.

### **Commerce**

The disclosure in the economic and community and society categories are above the average for the commerce sector, although it has low scores for environment and labour rights and practices, the disclosure in the economic and community and society category are above the average. Companies in this sector are likely to depend on more direct consumer ties, and may perhaps feel a greater relevance for community initiatives in addition to involvement in their goods and services chains.

### **Construction**

An analysis of the construction sector showed a very distinct emphasis on labour rights and practices, and exceed the overall average in this category, as well as governance. In particular, there was much more disclosure on total employment, safety and health and training and education. This is most likely due to labour being a key component in the business activities and operations, resulting in detailed emphasis on labour practices, which would be of concern to both internal and external stakeholders.

### **Finance**

The finance sector discloses a significant amount of information regarding their governance practices and policies, particularly with regard to the Singapore Code of Corporate Governance and stakeholder engagement and involvement. This could be due to the scrutiny and regulations in place for companies in this sector, as well as investor interest. However, the score for environment is very low, possibly because the business generally involves more services than products, and thus has a lesser impact on the environment. Reporting on community efforts also fared well, with the scores for philanthropy, engagement and product responsibility being above average. While this may be in part due to the finance industry's availability of resources, and its

client-based business, it does positively indicate an awareness of the importance of the finance sector in shaping society, as well as the potential risks and returns regarding considerations of quality in various financial products and services.

### **Hotels and Restaurants**

Hotels and restaurants generally disclose more on community and society, perhaps thanks to the constant importance of interaction and engagement with clients, as well as the benefits of clear communication with communities within which these companies operate. However, the sector's score for environment and labour rights and practices disclosure are considerably lower than expected, given the importance of personnel and the personal aspect of service. In particular, only training and education and limited information on employee relations were reported under labour rights and practices.

### **Manufacturing**

There is significantly more reporting on governance and investment in non-core infrastructure for manufacturing companies, with equal coverage on all the other categories. Despite this, the sustainability reports from the manufacturing sector do not provide as much information as reports from the other sectors.

### **Multi Industry**

The multi-industry sector is the only sector that consistently exceeded the overall average for each of the five categories. While there is a reasonable and almost equal level of disclosure in all aspects, the environment category score noticeably lower than the scores of the other categories. The overall better level of reporting may be an indication of the broader scope of concerns and considerations facing multi-industry companies, which have to address a range of stakeholder interests

### **Properties**

The property sector generally provides more information in their sustainability reports than most other sectors, with the scores for almost all categories exceeding the overall average and particular emphasis on energy, water and workforce figures. In particular, the reporting on governance and labour issues were outstanding. However, despite the considerable attention to detail under environment, and the potential for developer projects to impact communities and the economy, there appears to be a gap in reporting on climate change risk and the impact of business on the broader economy.

### **Service**

While the service sector exceeded the average score in the economic category, the overall level of disclosure across all other categories were relatively low, particularly in environment. This suggests that the communication priorities for the sector in general may be focused on direct stakeholders, and may indicate a gap in terms of the potential for communicating sustainability action to other potential investors and clients.

### **Transport, Storage and Communication**

This sector provides a quite a balanced disclosure in all aspects, with scores that exceed the overall average in almost all categories, Technological development, constant updates in regulation and standards as well as the importance of community ties are possible motivations for TSC companies' good performance. While there was little reporting on the indirect implications of and risk to the business, this particular indicator scored low across all sectors.

## 7 NOTABLE EXAMPLES

### Governance

Singapore Exchange (SGX), SembCorp Marine and Great Eastern Holdings Limited stood out for the level of detail and disclosure. All three companies included briefs on the educational and employment background for board members, and further tabulated the various board and committee meetings attended by each individual member. Remuneration bands were also disclosed, with SembCorp detailing a breakdown of the remuneration under each type of appointment.

SGX and Fraser & Neave (F&N) Limited also included the dates of appointment and latest re-election for individual board members, present and past directorships and serving committees. The companies' corporate governance reports, in their annual report, further detail the level of remuneration for board members and senior management, going so far as to list details of exercise prices and expiry dates. SGX also included performance level and performance shares granted to committee members over several years based on key performance indicators. The exact remuneration to Directors and Top Five key executives are disclosed to the dollar for both SGX and F&N. The corporate governance report further includes accountability and audit processes and outlines internal controls such as its whistle-blowing policy.

### Environment

#### Environmental Management/Impact and Biodiversity

Golden Agri-Resources and Wilmar both stood out in this area for the level of detail and breadth of environmental concerns considered. They were two of a very small handful of companies which considered biodiversity at all, and also disclosed previous clashes with activist groups and communities.

- Both companies noted their conflict with environmental groups in the past, and have included exemplary details and figures on conservation and management plans, with Wilmar reporting on its management structure for conservation and biodiversity issues.
- Both companies disclosed the region and size of conservation areas, as well as respective lists of endangered species under the International Union for Conservation of Nature (IUCN) and their status, with further details on particular species which the companies were directly involved in

- Soil management, chemical pollution, pesticide use, greenhouse gases and carbon emissions, as well as fire and haze in the case of Wilmar, were outlined with findings and figures disclosed, even though these were not necessarily complimentary to the company throughout. The frankness of this disclosure should be further encouraged and practised by all companies.
- Both companies also reported on water and waste management processes, and water, waste and energy consumption and conservation over several years and various regions or sources.

### Energy and Resource Usage Levels

While the property developers stood out as a group in terms of their disclosure of water and electricity disclosure across several years, as well as information on the environmental management programmes and audits, City Developments Limited was by far the most detailed in providing concrete figures. These include energy used across various divisions and sub-categories of developments, with figures going back to 2005, as well as usage of water at various developments and divisions. Furthermore, recycling and waste generation quantities were measured and reported, along with some consideration of biodiversity and figures on noise pollution, an area neglected by almost all other companies in the study.

## **Labour**

### Workforce figures

A good handful of companies included detailed profiles of their workforce with a wide range of employee statistics, broken down by age, gender, geography, race, educational qualification and sector. Wage levels, benefits and services for foreign workers, union member figures, as well as brief outlines of employment policies were also reported for a handful of companies, providing a clear idea of the level of employee remuneration welfare, as well as the company workforce composition.

City Developments Limited and Keppel Corporation stood out as having the most detailed information on employment policies, benefit and retirement provision and schemes, employee recognition, employee and union engagement. CDL also gave due consideration to talent attraction and retention in general and for particular population groups, as well as details on grievance and engagement process.



### Occupational Health and Safety

Generally well covered by a number of reports, with figures on accident frequency rate and accident severity rates over several years being the key areas reported.

Keppel Land and Keppel Corporation outlined its safety policies and broader medium-term strategy involving various stakeholder groups, as well as its safety review procedures and focus areas. The report also detailed workforce engagement, training and recognition for safety leadership.

### Training and Development

Golden Agri-Resources included a framework across various skills under its strategic management programme, although no figures and trends over the years were disclosed.

SembCorp Marine includes a human capital strategy combining various HR targets with business objectives and goals; the company also included a brief summary of its employee satisfaction survey, organizational development efforts and organizational culture considerations.

## **Economic**

### Risk

A small handful of companies included comprehensive explanations of their risk management structure, as well as identified risks in various areas and mitigation strategies to manage these.

Reports by CDL, Keppel Land, SMRT and SembCorp Marine stood out in their coverage of the various risks facing their respective businesses, as well as the mitigation measures and risk management process. SembCorp Marine further included an explanation of the company's risk management structure. It may be worth noting that the latter two companies did not have separate sustainability reports available, but even compared to other annual reports from the finance sector, for instance, their risk coverage was considerable.

Total Access Communication PLC also included an extensive assessment and breakdown of the potential risks it faces from legislation, fluctuating economic rates, changing opinion, partnerships and affiliated companies, operations and competition, with detailed background and current standing. While there could have been a more structured risk management framework disclosed, the level of detail and breadth of consideration was impressive.

### Economic Value

Olam International's reporting is largely on a programme basis as their operations vary depending on product and region. What stands out is the clear consideration and connection between the economic value of and impact on the areas the company operates in, and the company's core products. Programmes such as a rice farming initiative in Nigeria, cocoa crop training in Sumatra and finance options for farmers in Cote d'Ivoire are briefly summarized with figures for the past and current years provided, although this could be more consistent across the report. These are closely tied to its community engagement and development reporting and performance.

### **Community and Society**

Wilmar and Golden Agri-Resources both stand out for the community initiatives, probably due to the nature of their operations having a high impact on a significant geographical area in developing economies. Both companies participate in a smallholder or Plasma Programme initiated by the Indonesian government, and report on the number of smallholders, area covered and the collective earnings of smallholders. In addition, both companies disclose student figures for the various levels of education provided by schools established through partnerships. Wilmar also discloses the background and resolution process behind conflicts which have recently arisen with local communities, includes figures on health and medical facilities provided, and a breakdown of children impacted by their education partnerships broken down by year and age.

## 8 CONCLUSIONS AND FUTURE OUTLOOK

The findings suggest that while there several main aspects of sustainability are well-reported by companies, in some cases to an admirable level of depth and breadth, the potential for reporting remains considerably untapped upon. In general, companies are not fully capitalising on the opportunities to communicate their actions and efforts to stakeholders including investors and clients, even if they are performing well in certain aspects. This gap between action and reporting should be filled in order to benefit both companies and their stakeholders,

Sustainability reports reflect the CSR and sustainability efforts of organisations. The only way to produce a decent sustainability report is to have CSR as part of the core values of the company. Singapore Compact as the national society for promoting CSR in Singapore stands ready to support companies in their CSR journey.

A key expectation not only in Singapore but globally is that the rate of sustainability reporting will rise, with more companies being aware of its importance to investors and stakeholders. In the longer term, it is hoped that consequently the performance growth for each indicator will reflect broader progress in sustainability due to increased assessment and improvement rates.

In terms of structure and communication, the general consensus and trend suggests that companies which have grown more aware of true and comprehensive sustainability reporting will utilise one of the internationally accepted frameworks. While the GRI continues to grow in importance, it is possible that some organizations will look to the ISO 26000 as a way to structure their reports and practices, although synergy between the two organizations and several corporate citizenship and civil society institutions suggests that both frameworks could be effectively incorporated into one for standardization and convenience. In Singapore on the whole however, this move is expected to take longer than the global average, although any impetus and encouragement from bourses, institutional investors and the government is likely to speed up the process considerably.

There is also the possibility that companies are more likely to move towards fully integrated reporting. That is, reporting sustainability-related practices alongside and in relation to core business performance and current and future strategies, rather than as a separate section or report. A number of reports encountered in this study inserted information on volunteerism and philanthropy activities almost as an afterthought in their Annual Report. While this is likely to continue for some time it may perhaps lead to fuller integrated reporting if sustainability awareness in general accelerates faster than the awareness of reporting itself, although this is

unlikely. It is hoped that at the very least, reporting in other key areas will match the level and extent of reporting in the governance and finance categories.

Communicating or disseminating reports using more traditional online formats (i.e. pdf reports) may shift towards interactive forms more quickly than the substance of reports themselves, especially for companies with a global or younger presence or those which are more tech-savvy. While this will hopefully highlight the possibilities of reporting and further generate awareness and engagement among stakeholders, it is unlikely to happen to a significant extent in the Singapore context in the near future, given the generally low take up of explicit CSR and slow start to sustainability reporting.

There will be significant improvement in the quality and quantity of sustainability reporting if companies embrace CSR. Singapore Compact encourages companies to sign up to the 10 principles of the United Nations Global Compact, use the ISO26000 international guidance standard on social responsibility as a guide on implementing CSR and report on their CSR practices using the GRI framework. In summary, the following provides a useful guide to get started. Every enterprise, big or small can start this journey and enjoy the benefits:

- **Understand what corporate responsibility is all about**
  - Do well by doing good: A common misperception persists that CSR is all about philanthropy, charity and volunteerism. While these are indeed commendable, simply donating time and money do not mean a company is responsible throughout the various aspects of its daily operations. Issues like supply chain management, sustainable sourcing, employee development and benefits, and of course engagement with internal and external stakeholders, are key to companies truly performing responsibly as part of business.
  - Responsible practices are also useful in risk management, enabling companies to pinpoint key areas of potential risk or vulnerability and safeguarding against future backlash and negative repercussions. Much of this involves building trust with partners as well as clients.
  - Above all, corporate social responsibility is key in a long-term mindset towards achieving sustainable growth. While the above measures are likely to require increased resources in the short run, they often lead to longer-term profits and continuing growth of the company, through building on existing relationships and an already-well-tuned organizational structure that considers all aspects of business management and development.

- **Know your organization**
  - Crucial in every effort to improve performance are understanding the company inside out, and its role within the industry and economy. Senior management should be well aware of both the risks and opportunities faced in each department or division, as well as the company's strengths and weaknesses in order to capitalize on the areas with the greatest growth potential.
  - Stakeholder engagement and a sense of connection will strengthen the company's goals, and requires internal networking to identify partners and champions within the organization who can further overall goals and help in realizing the company vision.
  - Of course, staying on top of the latest developments will help keep an organization relevant and at the forefront of the industry. Identify pertinent trends relevant to your business/project/investment to make informed decisions.
- **Get a leadership commitment**
  - Case studies and broad surveys have shown repeatedly that companies with head management personnel who believe in sustainability and a certain philosophy of corporate behaviour tend to perform better with more organizational cohesion towards company goals. Make the case and ensure buy-in from top management for full integration across the company
- **Develop an organizational sustainability vision. Ask the following questions, and think hard about the long-term goals of the company:**
  - What kind of organization do we want to become? Concretize the organization's long-term identity and what it intends to achieve as a player in its particular industry: why will it stand out?
  - What are our values? These will help guide the company towards the important areas of focus in achieving its vision and identity.
- **Prioritize!**
  - What aspects of CSR tap on our strengths and are of the greatest relevance? Focus on areas of strength and capabilities, rather than spreading resources too thinly over multiple goals.

The sustainability report is not an end in itself. It is a means to communicate responsible business practices externally and an effective internal tool to measure, benchmark and improve performance.

We look forward to supporting responsible business practices and sustainability reporting. It will be good for business, people, all stakeholder groups and the nation as a broad economy.

## 9 APPENDICES

### Appendix 1: Quantitative Framework for Qualitative Assessment of Sustainability Reports

- Purpose:** To provide a quantified basis of comparison for quality of disclosure in different content areas
- Notes:**
- Framework has been drawn to capture key areas of reporting, with consideration of detail
  - For the sake of comparing content and depth coverage of all sustainability reports in 2010, the study will provides a general score for each category
  - The scope of this study does not allow for inclusion of sector-specific practices and specific weightings for each indicator
- Comparison:**
- Comparisons can be done fairly between (1) 5 categories; (2) indicators **within** categories
  - A more detailed and accurate comparison would have to take into account sector- and size-specific adjustments, which are beyond the scope of this framework.
- Question to answer:** Which broad areas of sustainability (5 categories) are most reported across companies and to what extent of detail?

<b>Level of Disclosure</b> <b>(Tick one score for each indicator)</b> <b>General Score Description (unless otherwise indicated):</b> 0 = No Disclosure / Not mentioned 1 = Brief mention of targets or practices 4 = Procedures and mechanisms in place and/or some reporting on targets and performance 9 = Very detailed and specific disclosure of targets, policies and/or performance				
	0	1	4	9
<b>Governance</b>				
<b>Singapore Code of Corporate Governance</b> - Requirement for listed companies in Singapore - Disclosure on compliance with the 15 principles or explanation on non-disclosure	NA as Code is compulsory for listed companies	Simple stating of compliance / explanation	Detailed description of compliance / explanation	Over the requirements of the Code
<b>Governance Procedure Disclosed</b> - Mechanisms / checks for ensuring good governance - Extent of involvement across the company				
<b>Stakeholder Engagement and Inclusiveness</b> - Two-way communication - Relationships with internal and external stakeholders - Feedback procedures for communication purposes - Consideration of various stakeholders needs / expectations - Resolution or balance between competing needs				
<b>Anti-Corruption</b> - Whistle-blowing policies - Other anti-corruption measures and checks - Disclosure of compliance lapses				

	Level of Disclosure (Tick one score for each indicator)			
	0	1	4	9
<b>Environmental</b>				
<b>Energy</b> <ul style="list-style-type: none"> <li>- Direct and indirect energy consumption (kW)</li> <li>- Energy saving and reduction policies / initiatives</li> <li>- Energy-efficient or renewable energy services and adoptions</li> </ul>				
<b>Water</b> <ul style="list-style-type: none"> <li>- Percentage and total volume of water recycled and reused</li> <li>- Withdrawal of water (water consumption)</li> <li>- Water sources directly and indirectly affected by water withdrawal</li> </ul>				
<b>Waste Management</b> <ul style="list-style-type: none"> <li>- Processes / Measures to monitor and manage waste</li> <li>- Disposal procedures for hazardous and non-hazardous commercial and industrial waste</li> <li>- Pollution, recycling and collection systems and extent of efficacy</li> </ul>				
<b>Greenhouse Gases (GHG) / Carbon Emissions</b> <ul style="list-style-type: none"> <li>- GHG/Carbon emissions and consumption</li> <li>- Reduction &amp; offsetting measures; identification procedures</li> <li>- Related policies / initiatives to implement measures</li> </ul>				
<b>Biodiversity (ecosystems and balance of species)</b> <ul style="list-style-type: none"> <li>- Consideration of impact on biodiversity in areas of operation</li> <li>- Initiatives / Measures to minimize impact and restore affected aspects of biodiversity</li> </ul>				
<b>Compliance (fires, spills, related sanctions/fines/penalties)</b> <ul style="list-style-type: none"> <li>- Environment-related accidents or penalties and consequent measures to minimize/negate impact</li> <li>- Measures, precautions, initiatives to ensure compliance and prevention of accidents/penalties</li> </ul>				
<b>Labour Rights and Practices</b>				
<b>Total employment</b> <ul style="list-style-type: none"> <li>- Number of workforces; contract workers etc. (Provide data)</li> <li>- Breakdown of workforce by different categories e.g. local/foreign; permanent/contract; male/female</li> </ul>				
<b>Diversity and equal opportunity (Practice)</b> <ul style="list-style-type: none"> <li>- Anti-discrimination policies: e.g. gender, race, religion</li> <li>- Fair employment practices and equal remuneration</li> <li>- Employment of disadvantaged groups in relation to work required</li> </ul>				
<b>Labour/migrant relations</b> <ul style="list-style-type: none"> <li>- Feedback and communication channels with employers, agents and respective support organizations</li> <li>- Information / Support services for local and foreign employees</li> <li>- Worker representation through unions or associations</li> <li>- Grievance procedures in place</li> <li>- Labour-Management relations</li> </ul>				

	Level of Disclosure (Tick one score for each indicator)			
	0	1	4	9
<b>Labour Rights and Practices (Cont.)</b>				
<b>Occupational Health and Safety</b> <ul style="list-style-type: none"> <li>- Comprehensive and relevant health and safety measures in place</li> <li>- Accident and emergency procedures and provisions</li> <li>- Insurance and/or support for injury and disease</li> <li>- Statistics on OHS performance</li> </ul>				
<b>Training and Education</b> <ul style="list-style-type: none"> <li>- Skill upgrade and education for staff of various levels</li> <li>- Hours of training provided</li> <li>- Career development opportunities for employees</li> </ul>				
<b>Economic</b>				
<b>Economic value generated</b> <ul style="list-style-type: none"> <li>- How activities and production impacts broader economy</li> </ul>				
<b>Value and Supply Chain (services and goods)</b> <ul style="list-style-type: none"> <li>- Disclosures on business activities in commerce, supply and value chain e.g. sourcing, procurement, manufacturing, retail, value added services, etc.</li> </ul>				
<b>Climate change – implications, risk, opportunities</b> <ul style="list-style-type: none"> <li>- Consideration of current and future impact of climate change on business operations</li> <li>- Measures to manage the challenge and opportunities for leverage</li> </ul>				
<b>Investment in non-core business infrastructure that benefit the public</b> <ul style="list-style-type: none"> <li>- Situating business operations as part of overall economic development (e.g. roads and communications infrastructure in mining towns and nearby communities)</li> </ul>				
<b>Risk Management</b> <ul style="list-style-type: none"> <li>- Identification and assessment procedures</li> <li>- Application of resources in mitigating and managing risk</li> <li>- Financial and non-financial impact on the business</li> </ul>				
<b>Community and Society</b>				
<b>Identifying and Minimising Negative Impacts</b> <ul style="list-style-type: none"> <li>- Identify adverse impact on local communities</li> <li>- Measures / practices to mitigate or rectify the impact</li> </ul>				
<b>Engagement and development programmes</b> <ul style="list-style-type: none"> <li>- Benefiting local communities e.g. education</li> <li>- Volunteerism</li> </ul>				
<b>Product Responsibility</b> <ul style="list-style-type: none"> <li>- Ensuring safety and quality of products and services</li> <li>- Consideration of impact of product on consumers and broader society (eg. tobacco; food; cellphone radiation)</li> </ul>				
<b>Philanthropy / Charitable Contributions</b>				



## Appendix 2: Further breakdown figures from Phase 1

### Exhibit 1 SR in Singapore - Breakdown by Market Capitalisation

	No. of Companies with SR	No. of Companies without SR	Total No. of Companies	% of Companies with SR
Big Enterprises	47	37	84	55.95%
Medium Enterprises	12	73	85	14.12%
Small Enterprises	20	373	393	5.09%
<b>Total</b>	<b>79</b>	<b>483</b>	<b>562</b>	<b>14.06%</b>

### Exhibit 2 SR in Singapore - Breakdown by Sector

	No. of Companies with SR	No. of Companies without SR	Total No. of Companies	% of Companies with SR
<No Sector>	0	13	13	0.00%
AGR (Agriculture)	5	2	7	71.43%
COM (Commerce)	6	71	77	7.79%
CONS (Construction)	2	24	26	7.69%
EGW (Electricity, Water and Gas)	0	1	1	0.00%
FIN (Finance)	5	20	25	20.00%
HOTELS	4	10	14	28.57%
MFG (Manufacturing)	21	201	222	9.46%
MINQ (Mining/Quarrying)	1	0	1	100.00%
MULTI	6	10	16	37.50%
PROP (Property)	7	31	38	18.42%
SERV (Service)	6	78	84	7.14%
TSC (Transport, Storage and Communications)	16	22	38	42.11%
<b>Total</b>	<b>79</b>	<b>483</b>	<b>562</b>	<b>14.06%</b>

### Appendix 3: Further breakdown figures from Phase 2

#### Exhibit 1 Modes of Reporting and Communication

Separate Reporting	13
Integrated Reporting	66
<b>Total</b>	<b>79</b>

#### Exhibit 2 Number of Sustainability Reports Audited and Verified

No of Companies	Total	Externally Audited	GRI Verified
With SR	79	6	
Using GRI Framework	10		4

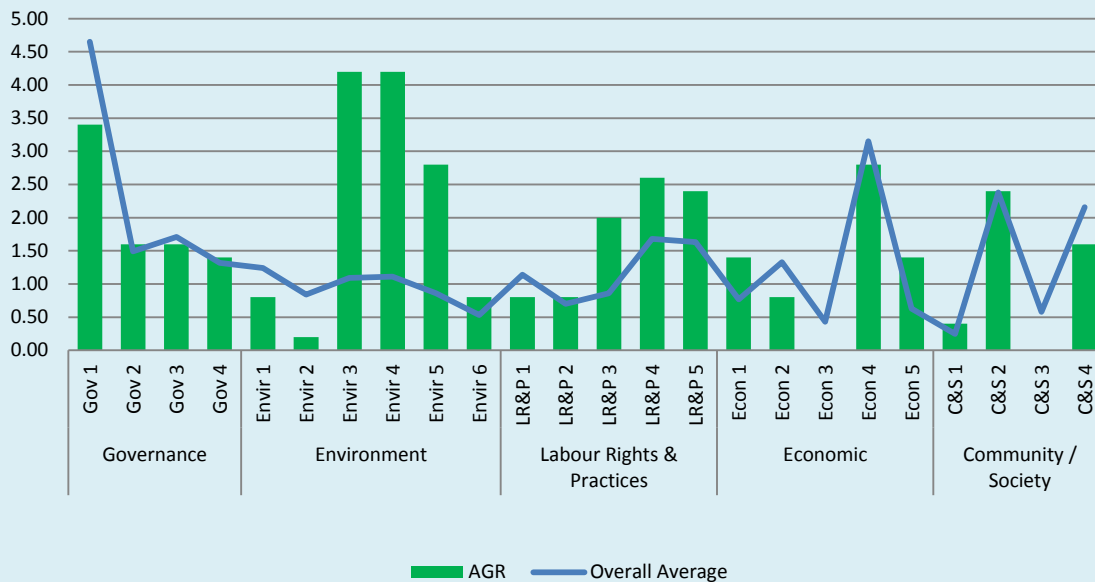
#### Exhibit 3 Category Scores of Each Sector

	Governance	Environment	Labour Rights and Practices	Economic	Community and Society
<No Sector>					
AGR	2.00	2.17	1.72	1.28	1.10
COM	1.67	0.28	0.20	1.50	1.63
CONS	2.50	0.33	1.90	0.50	0.25
FIN	3.30	0.27	0.60	1.84	2.25
HOTELS	1.81	0.71	0.35	1.35	1.88
MFG	2.14	0.61	0.96	1.02	0.88
MULTI	2.88	1.61	2.37	2.10	2.08
PROP	2.68	1.90	2.40	0.74	1.68
SERV	1.71	0.14	0.67	1.30	0.67
TSC	2.45	1.25	1.23	1.16	1.48

## Exhibit 4 Indicator Scores within Each Sector – Comparison to Overall Average

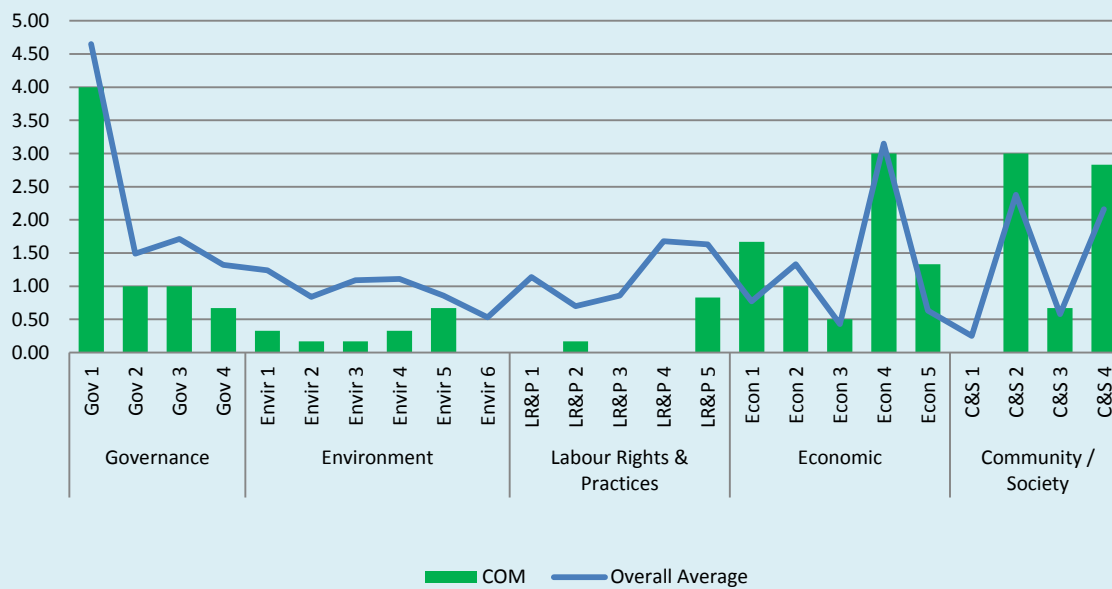
**Figure AGRICULTURE**

*Agriculture Indicators: Comparison to Overall Average*



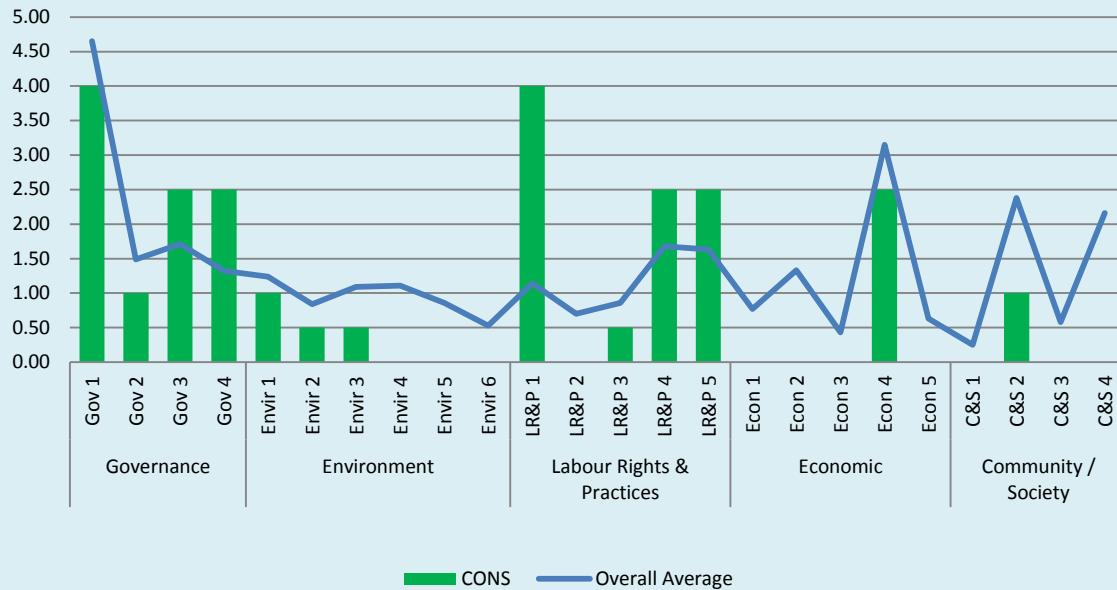
**Figure COMMERCE**

*Commerce Indicators: Comparison to Overall Average*



**Figure CONSTRUCTION**

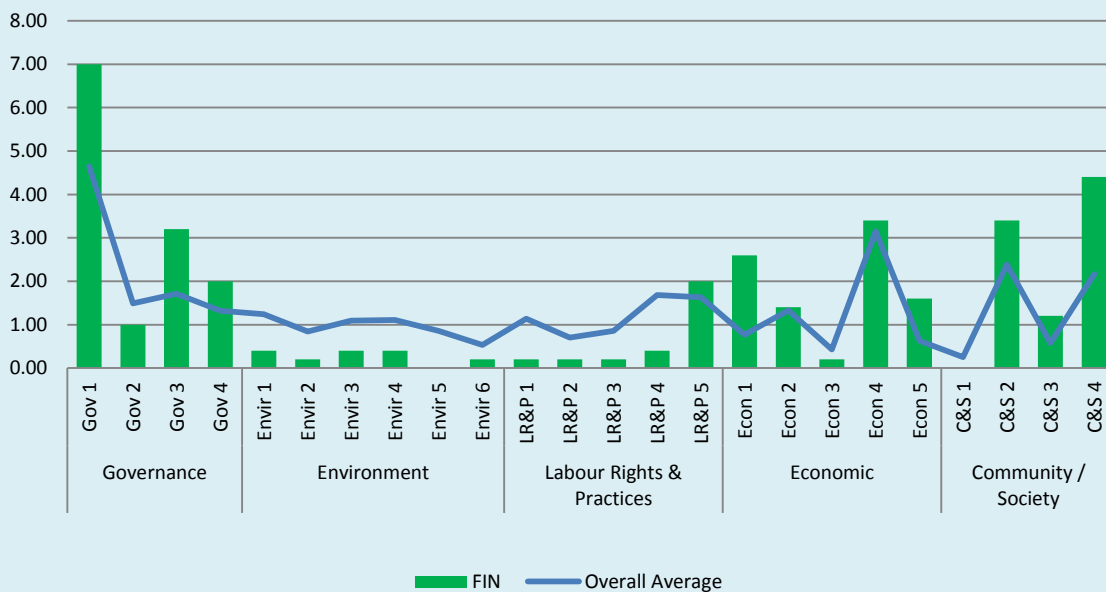
*Construction Indicators: Comparison to Overall Average*



**\*\*Note:** The Electricity, Gas and Water Sector's individual indicator scores are not provided as there are no companies under that sector that has a sustainability report

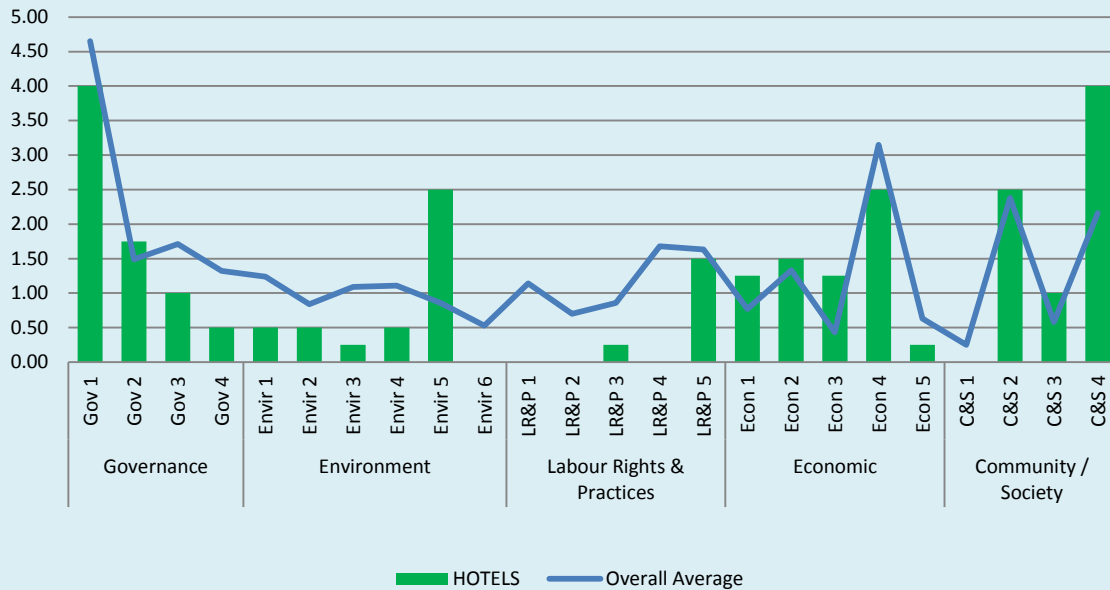
**Figure FINANCE**

*Finance Indicators: Comparison to Overall Average*



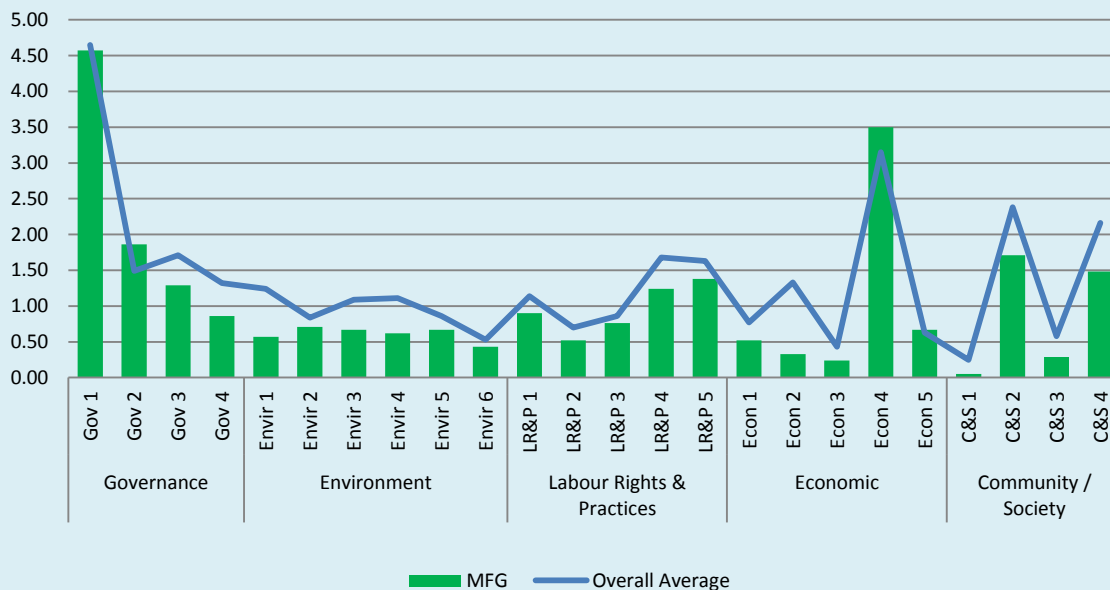
**Figure HOTELS AND RESTAURANTS**

*Hotels and Restaurants: Comparison to Overall Average*



**Figure MANUFACTURING**

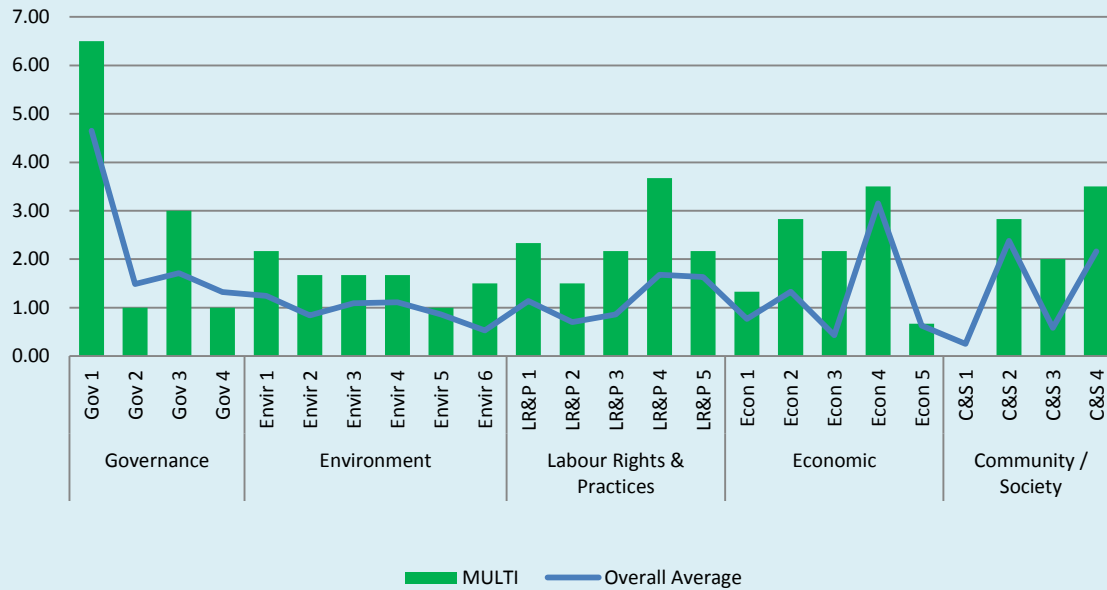
*Manufacturing Indicators: Comparison to Overall Average*



**\*\*Note:** The Mining and Quarrying Sector's individual indicator scores are not provided as it reflects one company only

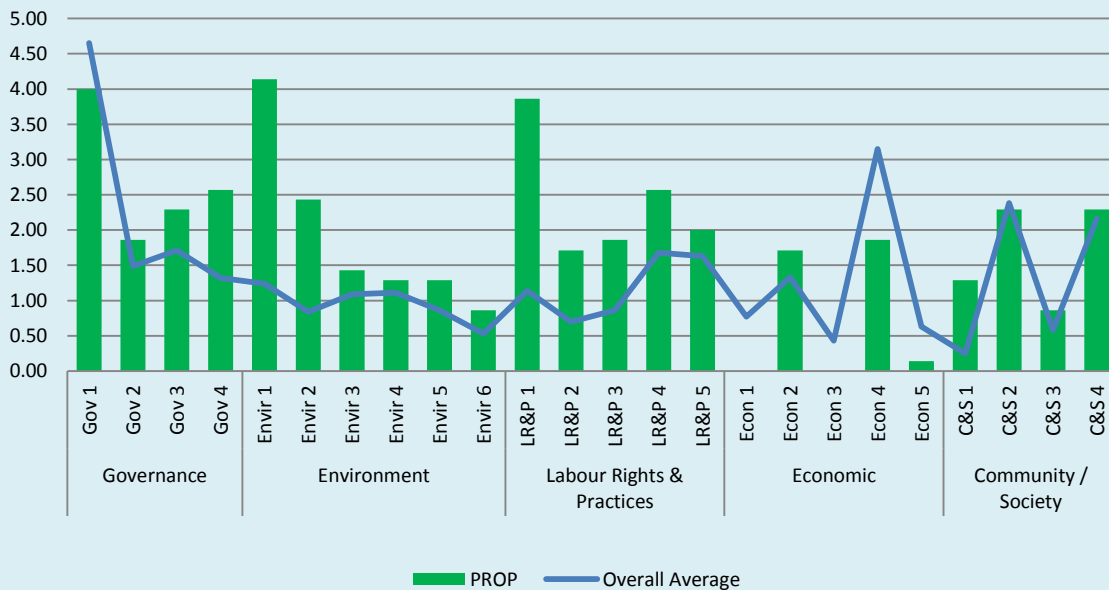
**Figure MULTI INDUSTRY**

*Multi Industry Indicators: Comparison to Overall Average*



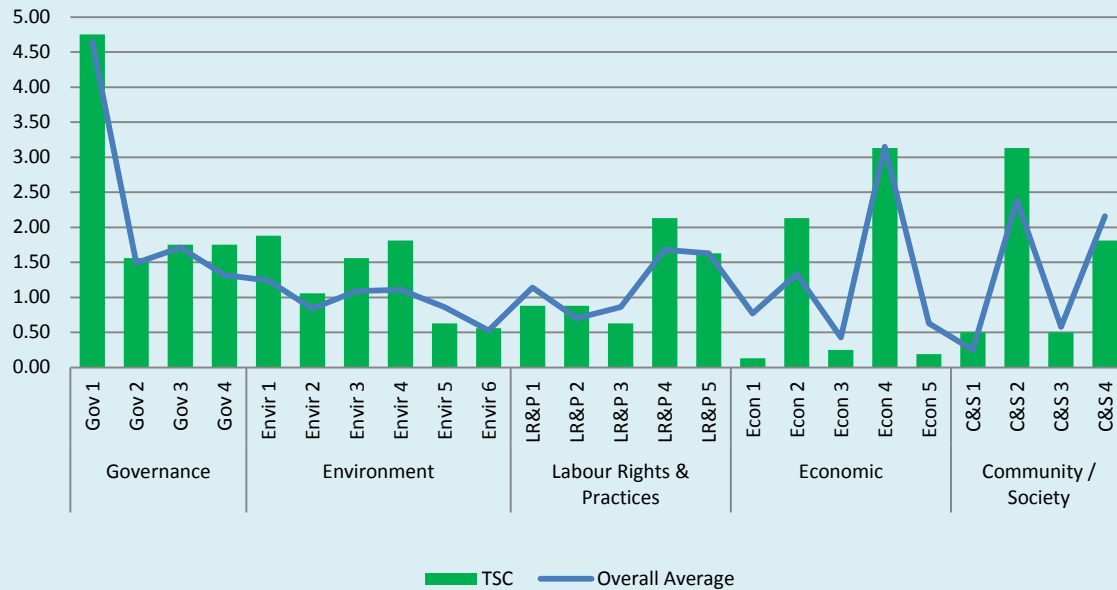
**Figure PROPERTIES**

*Properties Indicators: Comparison to Overall Average*



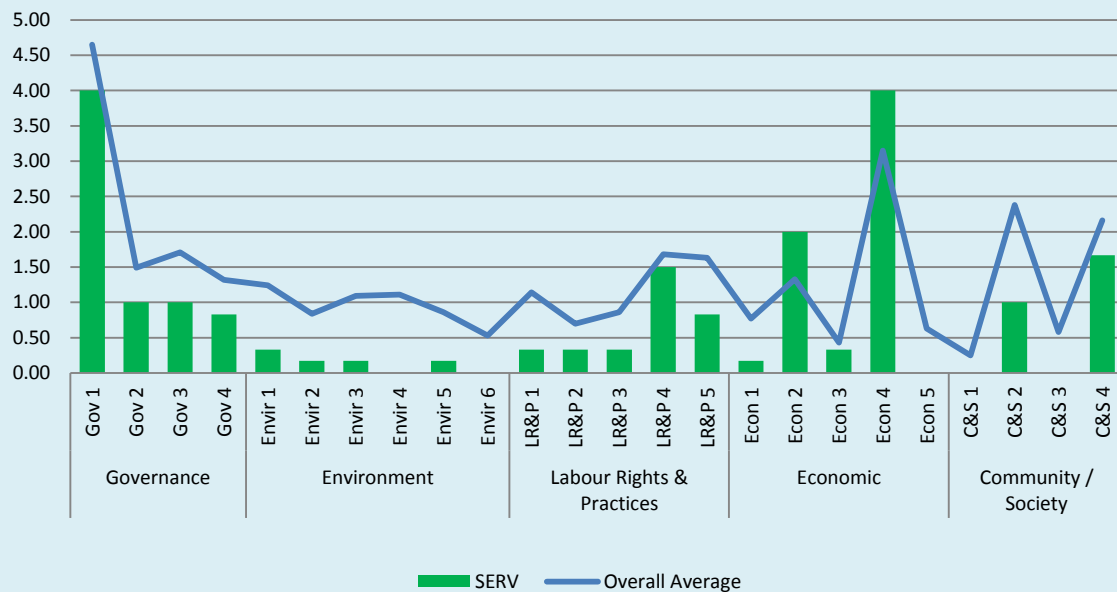
**Figure TRANSPORT, STORAGE AND COMMUNICATION**

*Transport, Storage and Communication Indicators: Comparison to Overall Average*



**Figure SERVICES**

*Services Indicators: Comparison to Overall Average*



## Methodology

- PHASE 1:** The initial phase of the project was to determine the extent of sustainability reporting among the listed companies in Singapore: How many companies actually engaged in some form of non-financial reporting? This consisted of sourcing for any form of sustainability reports from the companies' website, within annual reports and report databases. If no such report was found, the company would be contacted either through email or by telephone, if provided. While these made up a large proportion of the mainboard listed companies, only a small fraction replied. Furthermore, there were 32 companies that were not contactable, with invalid or no websites and no email or local contact numbers. Since sustainability reports should be accessible to stakeholders, it was assumed that the companies that did not reply or could not be reached did not issue reports.
- PHASE 2A:** The next phase of the research focused on analysing the sustainability reports available. Phase 2A aimed to gain an overview of the different approaches to sustainability reporting. First, the various ways information was disseminated was examined, often as separated reports or integrated into companies' annual reports. This phase also noted if reports followed an international standard of reporting (and if this was verified), or if companies used their own framework and if there were any indications of an external audit
- PHASE 2B:** The final phase of the research was the assessment of the breadth and depth of the information disclosed in reports. A quantitative framework for qualitative assessment was created to analyse the sustainability reports by different aspects under five broad categories – governance, environment, labour rights and practices, economic considerations and community and society. The framework acted firstly as a checklist to see if the reports provided information on each aspect; a 0-1-4-9 scoring system was further used to rank the level of detail and disclosure for each aspect. A key challenge lay in assessing the quality and depth of coverage in certain areas where information tended to be more qualitative than quantitative e.g. management processes. The quantitative framework aims to reduce the ambiguity and subjectivity, again with an emphasis on fairness to the companies. In practice however, although this was given due consideration throughout the research process, clearer indications and greater specificity, as distinguished from mere branding, greenwashing or "fluff", meant that the results and framework tend to favour measurables, or reports which showed greater effort in assessing outcomes.



## About the Singapore Compact for CSR

The Singapore Compact for CSR was founded by the National Tripartite Initiative for CSR in January 2005, with the National Trades Union Congress (NTUC) and the Singapore National Employers Federation (SNEF) as founder members.

The Singapore Compact for CSR is a national society with over 350 members from all sectors including big and small companies, institutions, government agencies, trade unions, academia, associations and NGOs. It is the country focal point of the UN Global Compact. It also serves as the secretariat for the ASEAN CSR Network, a network of CSR networks in ASEAN.

Singapore Compact for CSR was involved in the development of the ISO26000, international guidance standard on social responsibility. It is an Organisational Stakeholder of the Global Reporting Initiative.

CSR, or Corporate Social Responsibility, is about accountability to all stakeholders rather than just shareholders, and goes beyond legal compliance. As a business strategy and approach, it is value-driven, and is embedded within an organisation's principles, policies and practices.

CSR can help organisations minimise business risks and enhance their corporate reputation through the implementation of sound business practices. Additionally, organisations which are able to align their business operations with CSR principles can improve their efficiency, productivity and sustainability.

Singapore Compact promotes a holistic approach to achieving meaningful and sustainable benefits for businesses and stakeholders.

# United Nations Global Compact

The UN Global Compact is a strategic policy initiative for businesses committed to aligning their operations and strategies with ten universally accepted principles. Announced to the World Economic Forum in 1999 by then UN Secretary-General Kofi Annan, and officially launched in January 2000, the UN Global Compact is the world's largest corporate citizenship initiative, and has grown rapidly since initiation. The 10 principles of the Global Compact are:

## Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights;  
**Principle 2:** make sure that they are not complicit in human rights abuses.

## Labour

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;  
**Principle 4:** the elimination of all forms of forced and compulsory labour;  
**Principle 5:** the effective abolition of child labour;  
**Principle 6:** the elimination of discrimination in respect of employment and occupation.

## Environment

**Principle 7:** Businesses should support a precautionary approach to environmental challenges  
**Principle 8:** undertake initiatives to promote greater environmental responsibility;  
**Principle 9:** encourage the development and diffusion of environmentally friendly technologies.

## Anti-Corruption

**Principle 10:** Businesses should work against corruption in all its forms, including extortion and bribery.



*Singapore Compact for CSR is the country focal point for the UN Global Compact.*

## Membership with Singapore Compact for CSR

Members of the Singapore Compact for CSR include companies, government-linked organisations, trade unions, cooperative societies, business associations, institutions, academia, VWOs, NPOs, NGOs and other interest groups.

If your organisation has a goal of driving towards sustainable development, you should be a Singapore Compact member. We invite you to subscribe to the Singapore Compact membership, and join other like-minded organisations in the corporate social responsibility journey.

We further encourage you to make a commitment to upholding the UN Global Compact principles in the four main areas of Human Rights, Labour, Environment and Anti-Corruption.

Members of the Singapore Compact benefit from our advisory and information services, members' rate for training courses, seminars and conferences on CSR best practices and developments. We also facilitate the sharing of best practices and deliver regular updates on the CSR world.

Please do not hesitate to contact us at [info@csrsingapore.org](mailto:info@csrsingapore.org) or 68276825. Further information can be found on our website at [www.csrsingapore.org](http://www.csrsingapore.org).

Categories	Type of organisation	Annual fee
Gold Membership*	*	\$1, 500
Corporate Membership	All companies, government agencies	\$250 (non-SME) \$150 (SMEs)
Institutional Membership	Trade unions, co-operative societies, business associations	\$150
Associate Membership	Institutions, academia, VWOs, NPOs, NGOs, interest groups	\$100

\* The gold membership scheme was introduced in 2010. It is a voluntary scheme for organisations to do more in promoting CSR by providing more financial support. Gold members enjoy the same benefits of ordinary members and abide by the same Constitution and Rules of the Singapore Compact.



The Singapore Compact for CSR is a national society whose key mission is to provide a multi-stakeholder platform for collaboration in Singapore.

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*Initiated by the National Tripartite Initiative on CSR:*



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