

BUSINESS

S'pore firms step up as corporate investors take ESG more seriously

Their reports focus on the intricate tying of business strategy with sustainability

Sue-Ann Tan
Business Correspondent

Sustainability reports should not be an afterthought for retail investors as these documents provide the complete picture of the companies' approach to doing business in the future.

They are not just an add-on to the annual report and financial statements, but provide vital information on where the firm is going, said corporate governance expert Lawrence Loh.

In fact, many corporate investors are taking environmental, social and governance (ESG) considerations more seriously, adding pressure on firms to disclose such measures.

Some companies here appear to be rising to the occasion, going by the latest sustainability reports released by listed firms which have focused on the intricate tying of business strategy with sustainability.

Professor Loh, who is director of the Centre for Governance and Sustainability at NUS Business School, said: "The sustainability report goes hand in hand with the annual report that tells about the business activities. They're two sides of the coin, and sustainability completes the story of the company, so they can't be read separately."

Companies like Sembcorp Industries, UOB, CapitalLand Investment, City Developments Limited (CDL) and Singtel have produced sustainability reports in the past month, showing their commitment to working on the ESG aspects of their businesses.

Nanyang Business School Associate Professor of Accounting Kelvin Law said: "In recent years, we have witnessed a significant shift in corporate mindset, with an increasing number of companies recognising the strategic value of integrating sustainability into their core operational strategies and long-term planning."

Prof Loh said for the layperson, reading a sustainability report is about discovering the story it tells. "Each sustainability report is a storybook," he said. "It's not just about checking boxes against standards, but about building a compelling story."

For instance, CDL's report is about taking leadership and measuring its impact on nature, while CapitalLand Investment's is about



resilience.

Meanwhile, Singtel's report emphasises the social aspect, by driving home its purpose and goals in the community. For UOB, its report looks at the bank's responsibility as a financial institution.

Prof Loh said readers of a sustainability report should first look at the material ESG factors that are core to the business, and gauge if they are reasonable and sensible, and benchmarked to industry peers.

For example, UOB highlighted how they engage in fair dealing as a bank besides conventional regulatory compliance. Fair dealing refers to the way it aims to put customers first, and includes practices such as providing clear, relevant and timely information so that customers can make informed financial decisions.

Prof Law said the reports allow shareholders to assess whether the company is effectively managing its ESG footprints and targets, and positioning itself for long-term success.

"This information is extremely vital for shareholders to determine whether a company's sustainability efforts genuinely align with their own values and investment objectives, and to identify potential risks and opportunities that may impact the company's finan-

cial performance," he said.

Investors should also get a quick sense of how the companies comply with regulations and align with standards, Prof Loh added. "It is important to see if they are just 'check-the-box' descriptions by evaluating the specificities of the descriptions."

For example, Singtel disclosed its focus on the community and detailed its work through its diversity initiatives and how it empowers employees, customers and suppliers.

It also laid out specific targets, such as having 32 per cent of female employees in management by its 2050 financial year. It was recognised by the 2023 Bloomberg gender equality index for the fifth year running.

In the opening remarks of the report, Singtel chairman Lee Theng Kiat and group chief executive officer Yuen Kuan Moon said: "Engaged employees deliver superior business results, boost customer satisfaction levels and enable a vibrant company culture and workplace. This is why we make engagement a priority for our people."

Besides caring for employees, the Singtel report also looks at supporting the community, such as improving the digital inclusion of seniors and migrant workers.

In assessing sustainability re-

ports, Prof Loh said readers should also look at the role of the board and management in driving initiatives, and how sustainability gels with the company's strategy.

He commended CDL for the way its strategy is enhanced along the triple bottom lines of profit, planet and people.

CDL is also the first company in Singapore to commit to nature-related disclosures based on the Taskforce on Nature-related Financial Disclosures (TNFD) recommendations.

"Nature goes beyond climate and the TNFD guidelines show why firms should worry about this, because businesses have an impact on natural habitats. This spans supply chains and even how customers use their products," Prof Loh said.

"Climate change is only half the story. We need climate action to protect nature and biodiversity - that is the end point, which is why I feel that the impending focus on nature is the right way to go forward," he added.

CDL noted that in 2023, it had no sites located within or adjacent to protected areas. It also has a policy which promotes biodiversity protection and urban greenery across its operations.

The companies also noted in their reports that rather than just posing challenges, sustainability can also be an opportunity.

For instance, CapitalLand Investment retrofitted heritage buildings in Clarke Quay to improve environmental performance, resulting in cost avoidance of \$120,000 a year.

Meanwhile, Sembcorp is riding the momentum for renewables growth in response to growing global demand for energy security and resilience.

"This trend would generate positive impact for our business as we support the global energy transition," Sembcorp said in its report.

It aims to grow its gross installed renewable energy capacity to 25 gigawatts by 2028. As at Dec 31, 2023, its gross installed renewable energy capacity reached 9.4 gigawatts.

This also enhanced its bottom line, as net profit before exceptional items from the renewables segment grew to \$200 million.

Meanwhile, UOB also found opportunities in sustainability, by extending \$44.5 billion in sustainable financing to corporates as at the end of 2023.

Deputy chairman and chief executive officer Wee Ee Cheong said in the report: "As a responsible organisation, we want to create real and positive impact for the economy, environment and society."

"We believe in a fair, equitable and just transition that considers the socio-economic diversity of our region."

The Singapore Exchange already requires listed firms to produce sustainability reports, with climate reporting progressively made mandatory for those in specific sectors like finance.

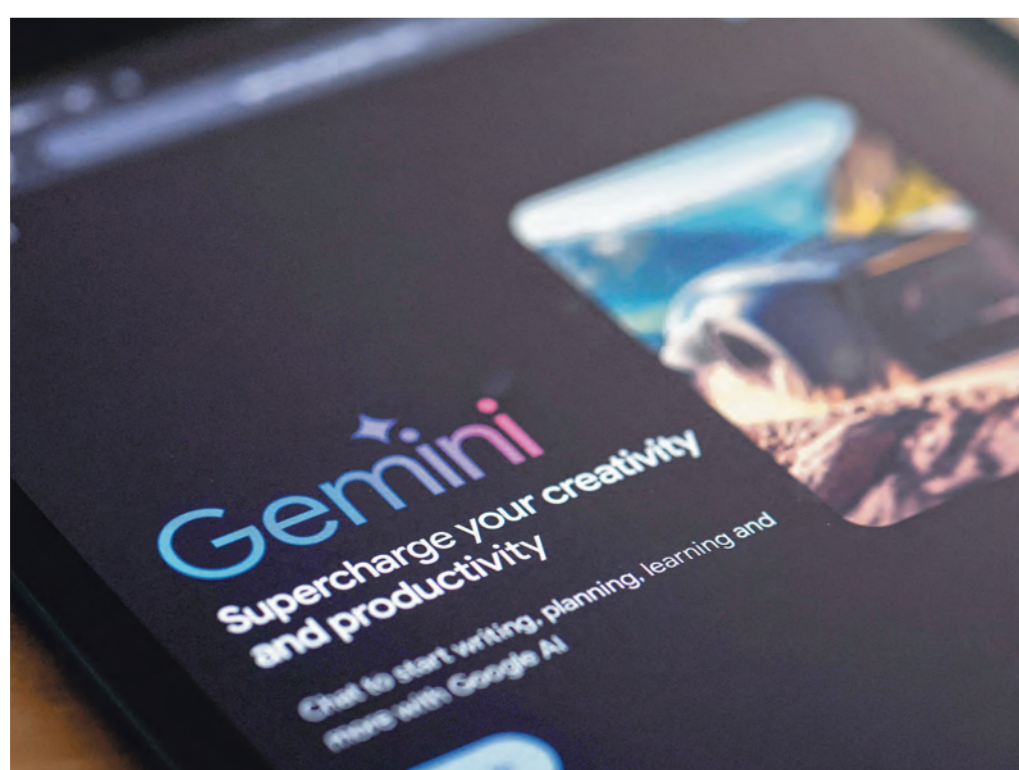
But from the 2025 financial year, all listed firms will have to make climate-related disclosures. And by the 2027 financial year, it will also be required of large non-listed companies.

suetan@sph.com.sg



(Above) A Singtel volunteer guiding a senior at a Digital Silvers session in 2020. These sessions help seniors learn how to use digital devices. Singtel's sustainability report focuses on its purpose and goals in the community. PHOTO: SINGTEL

(Left) CDL's 80 Anson Road will feature an energy-efficient glazing on the facade. CDL has a policy which promotes biodiversity protection and urban greenery across its operations. PHOTO: CDL



AI race • Google takes the lead with new Gemini | A17



ST Explains • What is Bitcoin halving? | A18



Citigroup • CEO faces major challenges after overhaul | A16



FEATURE Job options

From travel guides to hotel staff, more Singaporean Gen Zs are considering jobs in the hospitality and tourism sector as future career paths, say local educators and industry professionals.

str.sg/genz-jobs