KPMG

Media Release

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Singapore's corporate responsibility reporting rates above the global average

Worldwide, three quarters of companies surveyed yet to acknowledge climate change as a financial risk

In Singapore, 84 percent of the largest companies are reporting on corporate responsibility, faring better than the global average at 72 percent. This is according to the KPMG Corporate Responsibility Reporting survey, which studied annual financial reports and corporate responsibility (CR) reports from the largest 100 companies by revenue in each of 49 countries.

Mr **Ian Hong**, Head of Sustainability Advisory & Assurance at KPMG in Singapore commented: "Singapore's high percentage could be attributed to the high standards set under its Code of Corporate Governance that elaborate the Board's role to include a consideration of sustainability issues such as environmental and social factors, as part of its strategic formulation."

"As Sustainability Reporting has also been mandated by the Singapore Exchange on a 'comply or explain' basis for the financial year ending on or after 31 December 2017, this is anticipated to increase the reporting rate in coming years," Mr Hong noted.

Climate change not adequately recognised as a financial risk

A surprising find from the survey is that three quarters (75 percent) of the top 100 companies in Singapore do not address the financial risks stemming from climate change in their annual financial reports. On top of this, only 17 percent of Singapore companies have set carbon reduction targets, faring lower than the global rate at 50 percent.

These statistics support the need for initiatives such as the Financial Stability Board Task Force on Climate-related Financial Disclosures (TCFD).

Said Mr Hong: "Going forward, disclosures surrounding climate risk will expand further due to the increasing expectations of securities regulators, the investor community and other stakeholders. We encourage companies to start with a full assessment of where climate-related risk lies within the organisation and assess the current state of their processes and data quality for identifying and reporting on such risks."

Singapore's Environment and Water Resources Minister, Masagos Zulkifli recently announced that Singapore will designate 2018 as the Year of Climate Action. Earlier in 2017, plans were also announced to implement a carbon tax between S$10 and S$20 per tonne of greenhouse gas (GHG) emissions from 2019.

As of now, this tax will be applied upstream on large emitters, such as power stations and other large industrial facilities that directly emit GHGs.

The survey also explored further trends in CR reporting, including reporting on the United Nation's (UN) Sustainable Development Goals (SDGs), a set of 17 global goals to end poverty, protect the planet, and promote prosperity for all.

Other key findings include:

- **Reporting on the UN SDGs, has been gathering steam** since their launch two years back. More than one third (39 percent) of the company reports studied in KPMG's survey connect companies' corporate responsibility activities to the SDGs. However, the proportion of such companies in Singapore remains low at 15 percent.

- **Integrated Reporting is growing slowly but steadily** with 14 percent of the reports studied globally in the survey being classified as "Integrated". Only 4 companies in Singapore produced an "Integrated" report.

- **The number of companies investing in third-party assurance of their corporate responsibility reports has grown steadily since 2005**. It is now accepted standard practice among the world's 250 largest companies (G250) with more than two thirds (67 percent) of the company reports seeking assurance. However, only a few companies in Singapore (9 companies) seek assurance on this information.

"A majority of Singapore's largest 100 companies have been reporting on their sustainability initiatives. However, only a few are strategically utilising them to communicate with their stakeholders, especially investors.

Corporate responsibility reports should be used as a tool to present an organisation's true value that goes beyond its financial performance. Boards can also benefit from recognising the risks and opportunities emerging from climate change and sustainability and integrating them within their company's overall corporate strategy," concluded Mr Hong.

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Note to editors:

About the survey

KPMG has published The KPMG Survey of Corporate Responsibility Reporting since 1993. The 2017 survey is the 10th edition. Professionals at 49 KPMG member firms carried out thousands of hours of research for this survey. They reviewed annual financial and corporate responsibility reporting by the largest 100 companies, by revenue, in their own country.

Research sources included PDF and printed reports as well as web-only content published between 1 July 2016 and 30 June 2017. If a company did not report during this period, reporting from 2015 was reviewed. However, no reporting published prior to June 2015 was included in the research for this survey. The survey findings are based on analysis of publicly available information only, and no information was submitted directly by companies to KPMG member firms. The survey refers to two research samples:

The N100 – the largest 100 companies in each of 49 countries: 4,900 companies in total. Professionals at KPMG member firms identified the N100 in their country based on a recognized national source, or where a ranking was not available or was incomplete, by market capitalization or another appropriate measure. All company ownership structures were included in the research: publicly-listed and state, private and family-owned.

The G250 – the largest 250 companies in the world.
The G250 was identified as the top 250 companies listed in the Fortune Global 500 ranking for 2016. The G250 is for the most part a subset of the N100 research sample. 7 companies in the G250 sample are not included in the N100.

Download the report here.

About KPMG in Singapore

KPMG in Singapore is part of a global network of professional services firms providing Audit, Tax and Advisory services. Our website is located at kpmg.com.sg. The KPMG network operates in 154 countries, with 197,263 people working in member firms around the world.

In the ASEAN region, member firms operate across all 10 countries of this regional grouping providing professional services supporting the growth, compliance and performance objectives of our clients. The independent member firms of the KPMG network are affiliated with KPMG International Cooperative ("KPMG International"), a Swiss entity. Each KPMG firm is a legally distinct and separate entity and describes itself as such.

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