

# The responsible approach

BY STAFF WRITERS

## Highlights from the Singapore roundtable on ESG investment

**N**ominees for the IR Magazine South East Asia Awards were invited to a roundtable discussion on environmental, social and governance (ESG) issues, hosted by *IR magazine* in association with Ipreo, held the evening before the awards.

'Funds amounting to \$25 tn dollars of assets under management globally have signed up for the Principles of Responsible Investment so far and investors are increasingly seeking appropriate disclosure on ESG issues,' commented Lucy Carmody, executive director at Responsible Research, which undertakes ESG research for buy-side clients. 'To see what impact stock exchanges could have on sustainability, we surveyed the 30 largest exchanges to see what initiatives they had. For most exchanges, ESG disclosure is not part of their mandate. It should therefore be the responsibility of their regulators to provide guidance on this matter.'

Carmody and her colleagues have already responded to Singapore Exchange (SGX) guidelines for consultation on ESG disclosure with 10 suggestions including mandatory reporting on some indicators, defining high-impact sectors and working toward mandatory reporting on material indicators. High-impact sectors could include mining, palm oil, real estate and anything that contributes to environmental resource depletion.

'Our suggestion is to identify these high-impact sectors, then set up local focus groups to gather input on what should be mandatory for disclosure,' Carmody explained. 'It doesn't matter so much if a company's current water usage is inefficient; the

important thing is that it has a policy to mitigate this over time.'

CapitaLand scores highly in Responsible Research's Asian Sustainability Rating tool. It produced its first sustainability report in 2009 and is the only real estate firm in Singapore on the Dow Jones Sustainability Index. Harold Woo, senior vice president of IR at CapitaLand, noted that his firm takes CSR seriously. 'After the massive earthquake in Sichuan, we wanted to do something more permanent,' he said. 'Rather than just charitably donate we wanted to put a platform in place for a more sustainable future.'

Very few companies in Asia make their Carbon Disclosure Project data public or set targets on waste, water and energy reduction, Carmody noted. Voting at meetings by poll is also still rare. 'Few firms have policies to rotate auditors, or set maximum tenure for external directors but improvements are being seen,' she added.

SGX is one of the few firms in Singapore with a named contact for CSR queries, but sometimes this alone is not sufficient. 'Often when companies hire a CSR representative it is someone with a background in corporate communications or PR, not someone who has worked in business or the environment,' Carmody said. 'These CSR contacts in Asia are typically bright marketing people in their late 20s with an interest in ecological issues. Without proper training, these people will struggle to respond to the depth of questioning from investors.' ■

