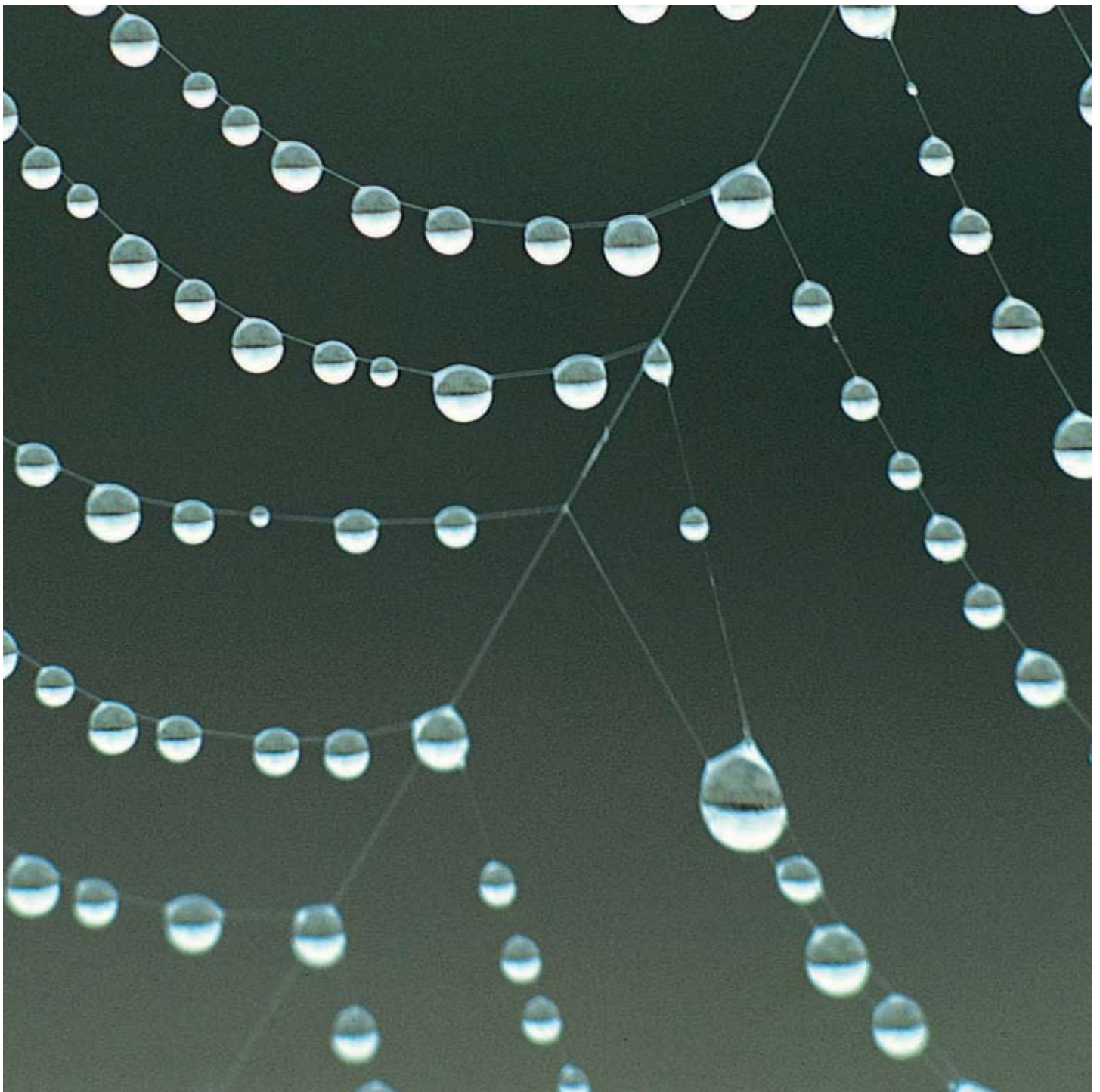
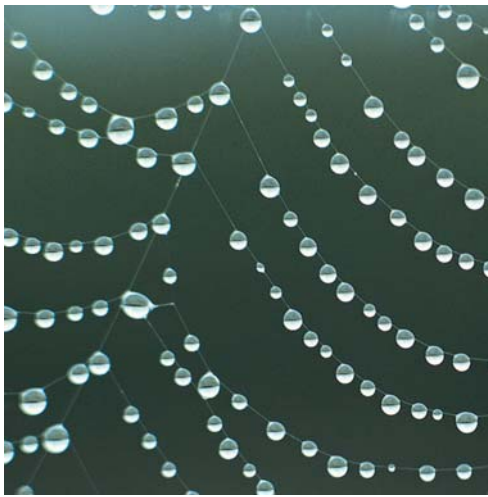


Report Summary

The State of Corporate Environmental & Social Reporting in Singapore 2005





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ACCA National Awards

While ACCA has made every effort to ensure the accuracy and content, it does not take responsibility for the accuracy of information presented in this report.

Introduction

Over the past decade, companies world-wide have come under increasing pressure to conduct their business in a more open and responsible manner. This move to greater transparency has been driven by a concept known as 'sustainable development'.

ACCA in Singapore commissioned a report to look at the state of environmental and social reporting in Singapore in 2005. This report is an abridged version of the piece of research that was conducted. The full report can be obtained by request from ACCA Singapore at info@sg.accaglobal.com. The survey findings are encouraging as there is an increase in the number of companies reporting and that more companies are aware of environmental and social reporting. However, the level of reporting in Singapore is still relatively low compared to other countries in the region.

The authors used a number of ways to gather information for the research and these included an E-mail based survey, a desk based review of companies listed on the Singapore Stock Exchange (SGX) as well as a comparative review of Multinational Companies with presence in Singapore.

Objectives

- To establish the extent of corporate environmental and social reporting in Singapore
- To determine the level of environmental and social reporting of Singapore companies
- To identify key drivers for reporting, barriers to reporting and to ascertain awareness levels of environmental and social reporting among Singapore companies

BACKGROUND:

The last decade has seen a rapid increase in corporate non-financial reporting around the world. Non-financial reporting is referred to as the reporting of environmental and social performance data, typically in a standalone, environmental, social, sustainability or CSR report.

Survey Findings

The following illustrates a summary of the key findings in the research:

WEB-BASED SURVEY

Companies were surveyed to find out whether they reported, how they reported as well as to find out what the drivers and barriers to reporting were.

The survey was sent to 327 companies based in Singapore. The survey elicited 44 responses in total. This is a response rate of 15% which is considered to be a good response rate for an internet based survey. Of the 44 responses, 14 (32%) respondents do report and 30 (68%) do not.

The web based survey found that one third of respondents produced an environmental or social report. This is a very high percentage in comparison to the national average. It also identified that the key drivers for reporting included reputation/brand enhancement; stakeholder engagement and shareholder value. Almost all (93%) of reporters had ISO14001 certification.

86% of companies that report mentioned that they have been asked by their customers to provide non-financial information. This shows pressure to disclose non-financial information is being placed on Singapore companies through the supply chain. The information supplied is usually environmental or social in nature.

50% of the reporters have been considered for Socially Responsible Investment (SRI) funds. This is high and reflects the strength of the international market for SRI funds.

The following section details the findings of the survey results.

REPORTING FORMAT & TYPE

Reporting is done in a number of ways, informally on the company website or formally as a stand alone report or as part of the annual report. Figure 1 shows the formats of the reporting information.

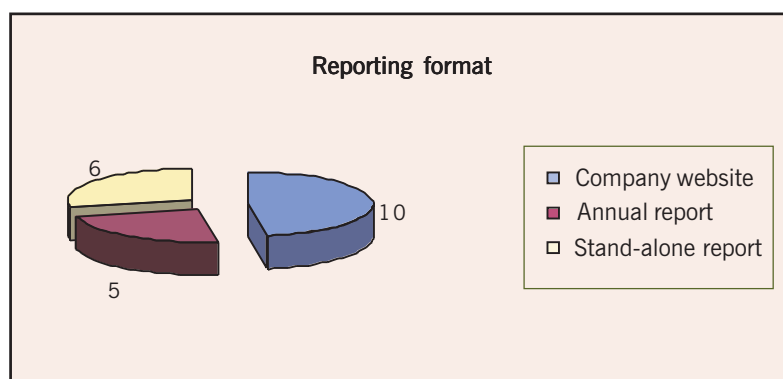


Figure 1

Of the 14 respondents that do report, ten reported environmental and or social information on their corporate websites, six produced stand-alone reports and five reported within their annual reports. These figures show that there is often more than one medium used for reporting, usually a combination of reporting on the corporate website and in a report.

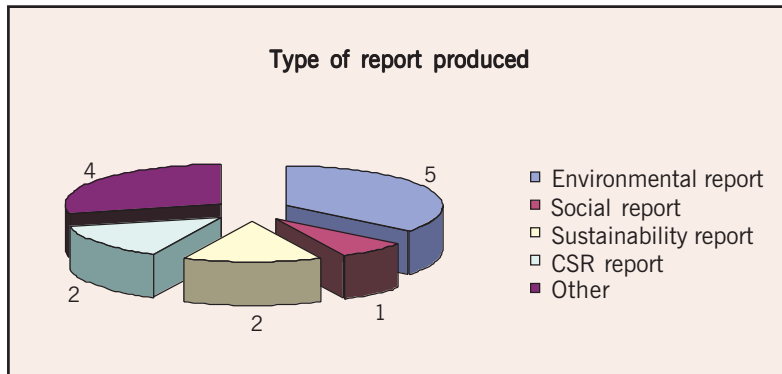


Figure 2

Environmental reporting is the most popular type of report.

TYPE OF INFORMATION MADE PUBLIC

Figure 3 refers to the type of information that is made public. All 14 of the “Yes” stream respondents answered this question, although only six produce stand-alone reports.

None of the companies disclose social performance information alone. 71% of the respondents disclosed both social and environmental information and 29% only disclosed environmental information.

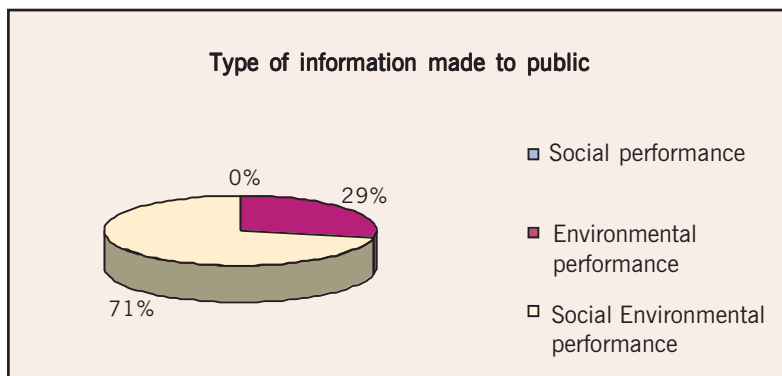


Figure 3

RESPONSIBILITY FOR REPORTING

Figure 4 details who are responsible for reporting within the company. The environment department is the most likely candidate for preparing reports. This data would correspond with reporters also having ISO14001, which would mean that they have a dedicated environment person or department. Other departments quoted are overseas HQ, health and safety, corporate communications, PR and “other”.

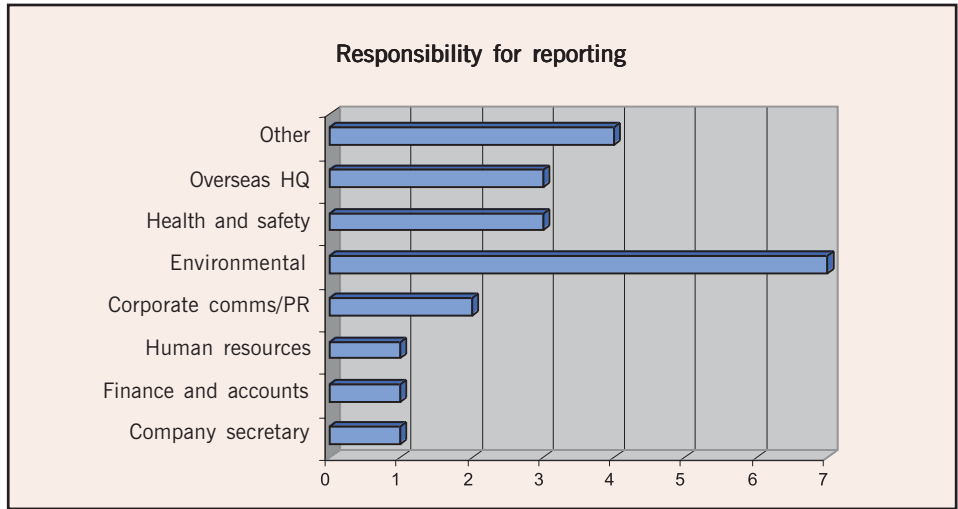


Figure 4

DRIVERS FOR REPORTING

Figure 5 provides information on the key drivers for reporting. The most frequently cited driver is enhancing and maintaining reputation and brand. Given that this is the key driver we might expect a higher number of the reports to come from the corporate communications/PR department, but Figure 4 suggests this is not the case.

The second most frequently cited driver is stakeholder engagement and the third is shareholder value.

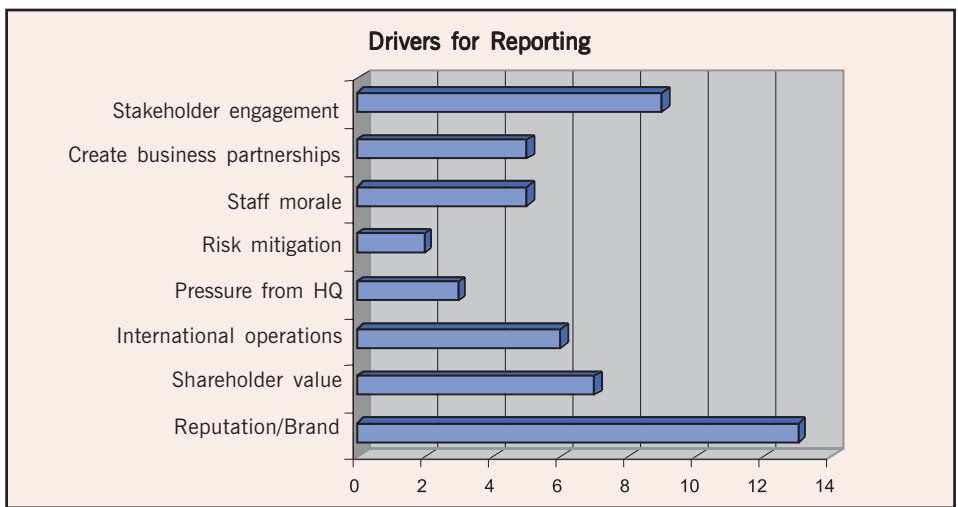


Figure 5

REPORTING DETAILS

Figure 6 shows when companies started to report, by percentage of reporting companies. The most frequent answer was 2-5 years ago.

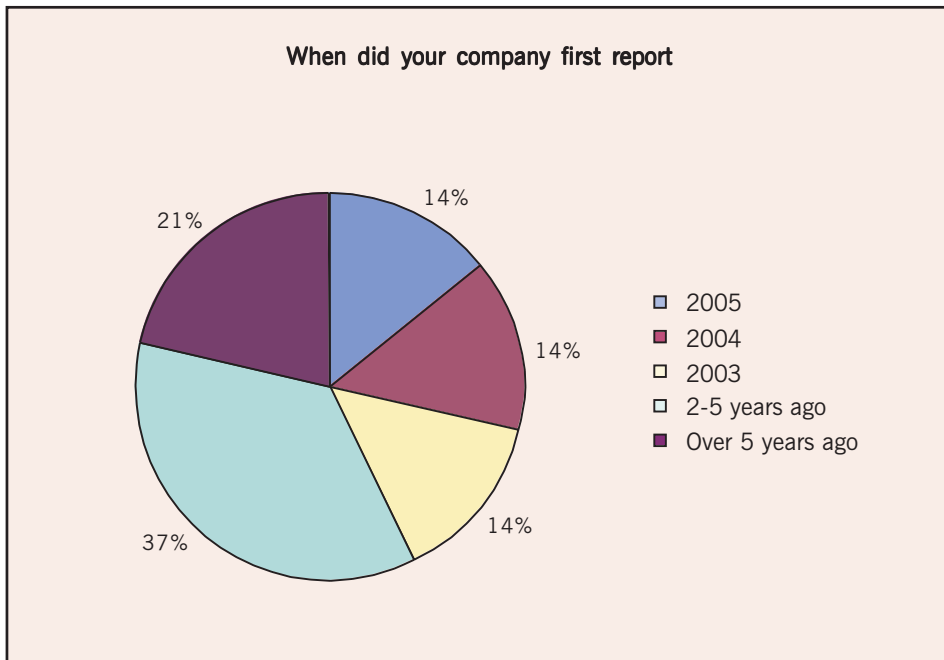


Figure 6

79% of the respondents who reported were aware of the ACCA Singapore Environmental and Social Reporting Awards (SESRA). This shows a good level of awareness of the awards among reporters.

57% of companies that did not report were aware that ACCA encourages sustainability reporting as part of corporate transparency.

THIRD PARTY CERTIFICATION

Figure 7 shows the differences between the levels of third party certification for the companies that report and those that did not. All three types of certification were more highly represented in the companies that do report, suggesting that reporting companies have a higher degree of external credibility.

93% of companies that report had ISO14001 certification. This is compared to 50% of the non-reporters.

None of the companies had SA 8000 which tallies with the desk review.

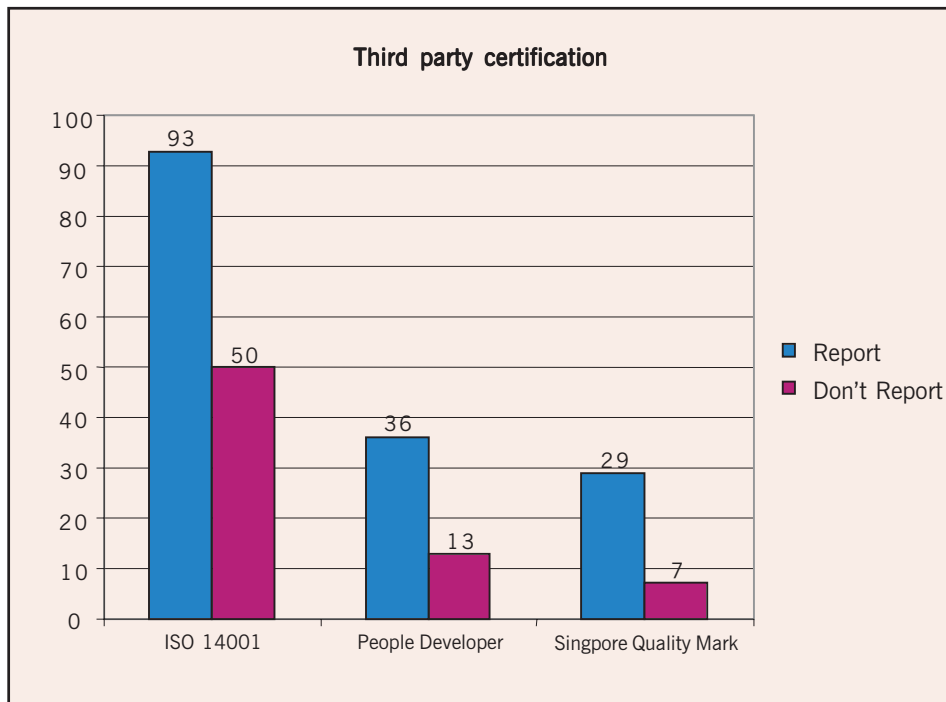


Figure 7

BARRIERS TO REPORTING

Figure 8 shows why companies do not report. The most frequent reason is that reporting is done by the overseas Head Quarters. The second most cited reason for not reporting is the lack of capacity and expertise. Perhaps there is a lack of knowledge about the possibility of outsourcing report writing, this leads on to the reason “expensive and time consuming”. Companies still need to be convinced that spending the money and taking the time over reporting can yield financial benefits in the long term. Another reason that scored highly was “do not think reporting is expected”. This implies that Singapore shareholders and other stakeholders are not knowledgeable about reporting and so companies decide on their behalf not to report. Instead they could be educating their stakeholders by producing the reports. Interesting for those who do report, shareholder value was cited as one of the key drivers.

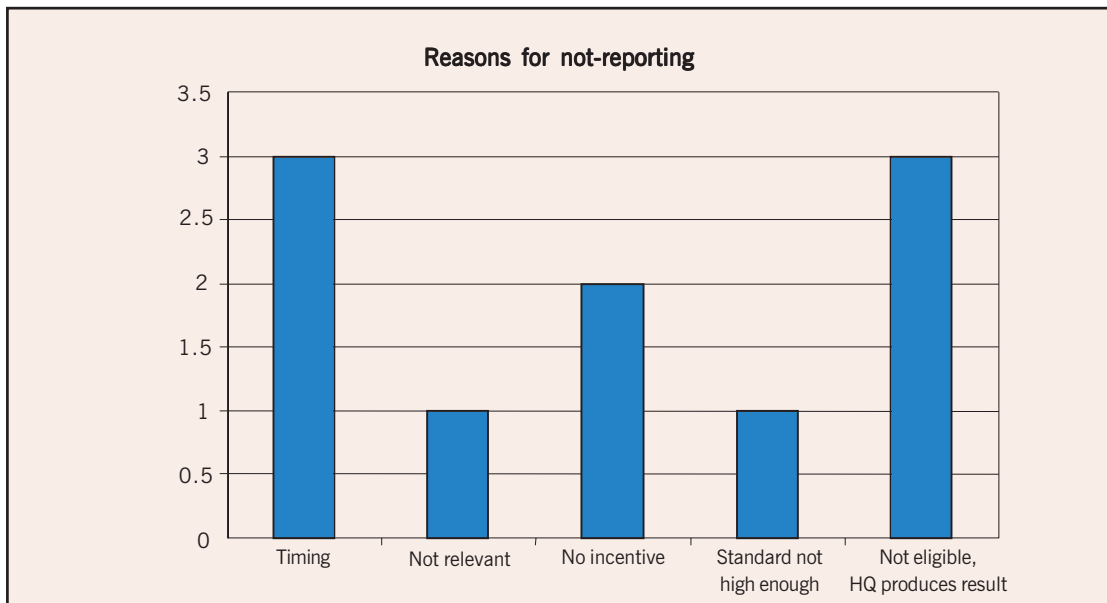


Figure 8

WEB BASED SURVEY CONCLUSIONS

Findings of the web based survey concluded that companies that currently report do so because they see the business benefits of reporting non-financial information and companies that do not report are at risk of being sidelined by customers and suppliers if they cannot provide non-financial (environmental & social) information on demand.

There are significant opportunities for Singapore companies to be included in global SRI funds if they can provide environmental and social information to research companies.

The survey also found that most companies felt that environmental and social reporting would start to become important in Singapore in the next five years.

Research Findings

DESK REVIEW OF SINGAPORE COMPANIES

A desk based review was carried out following the web based survey. The aim of the desk-based research of Singapore companies is to provide a comparative review of the state of environmental reporting in Singapore in 2005, compared to 2002 when the last survey was carried out.

Specific aims of the desk-based review were:

- To provide information on the number of environmental, social and sustainability reports in Singapore in 2005
- To provide information on the extent and content of “informal” reporting i.e. reporting of environmental and social information on company websites that are not stand-alone reports or part of annual reports
- To provide information on the extent of third party verification of Singapore companies i.e. number of companies with ISO 14001, People Developer, Singapore Quality Awards etc.

METHODOLOGY

A total of 90 companies which included public listed companies on the SGX main board as well as Government Linked Companies (GLCs) were reviewed. The analysis included a study of the individual corporate web sites for any Corporate Social Responsibility (CSR) content. Half of the companies reviewed provide some form of social or environmental information on their web site.

DESK REVIEW RESULTS

- 4% of companies reviewed produced a stand-alone report
- 31% reported on CSR information in their annual reports
- This is a threefold increase in reporting since the 2002 survey
- Quality of reporting still remains poor

QUALITY OF REPORTING

Environmental and social reporting goes beyond reporting on philanthropy, volunteerism, corporate sponsorship and other charitable activities. Most of the reporting in Singapore focuses on the relationship between the company and the community – typically referring to the company’s philanthropic activities towards the community.

CONCLUSIONS OF THE DESK-BASED REVIEW

- The number of companies reporting have increased since 2002
- There is still a lot of work to be done and that the quality of reporting needs to be improved
- The content of the report must reflect the environmental and social information that international supply chains are demanding
- Reporting on philanthropic activities is not enough

DESK BASED REVIEW OF MULTINATIONAL COMPANIES IN SINGAPORE

A sample of Multinational Companies (MNCs) with operations in Singapore was reviewed. The review focused on MNCs whose operations in Singapore are certified to ISO14001. 80% of the MNCs reviewed produced Corporate Social Responsibility (CSR) reports at the global level.

All the MNCs that report refer to environment or CSR or sustainability within one click of their homepage, showing the importance that they place on these issues.

RESULTS OF THE DESK BASED REVIEW OF MNCs

- None of the companies reviewed produced a stand alone report for Singapore
- However, two companies did report for their operations elsewhere in the region
- In 50% of the cases, there was more information on environmental/social on their websites for their operations elsewhere in the Asia Pacific region

CONCLUSION OF DESK BASED RESEARCH OF MNCs IN SINGAPORE

The research revealed that the MNCs that were reviewed, placed a very high priority on environment/social transparency, yet demonstrated weak disclosure in their Singapore operations. In addition to this, the level of transparency in Singapore was often weaker than for similar operations elsewhere in the region.

COMPARATIVE REVIEW – PERCENTAGE OF MAJOR COMPANIES THAT REPORT

The comparative review benchmarked Singapore both regionally and internationally.

- Fewer companies in Singapore report (16) than in Hong Kong (33), Malaysia (41), New Zealand (35), Malaysia or Australia (199)
- The % of companies reporting as a % of the number of companies with ISO14001 Certification is significantly lower in Singapore than in the Asia-Pacific region. 2.6% in Singapore, 9.5% in Malaysia, 18% in Hong Kong, 7.2% in Australia and 10.5% in New Zealand.
- When benchmarked against the G8 countries, in terms of number of companies reporting as a % of the number of companies with ISO14001 certification, Singapore is far lower than any of the other countries.
- Only 10% of the top 20 companies in Singapore (by market capitalization) produce standalone reports. In Malaysia the figure is 10%, in Hong Kong 30% and in Australia 45%. 99% of the top 100 companies in the UK (based on the FTSE100) report in some format.
- Several of the top 20 companies in Singapore refer to CSR on their websites, but it tends to focus on philanthropy, and not address the wider CSR issues of environment and internal working practices.
- When assessing the level of reporting in Singapore to economic wealth (as measured by GDP per capita), Singapore comes across poorly, with almost half the level of reporting relative to Hong Kong and an eighth of that in Malaysia.
- When benchmarked against the G8 countries, based on GDP per capita, Singapore once again comes off worst, with less than a third of the level

Comparative Review - Percentage of Major Companies that report

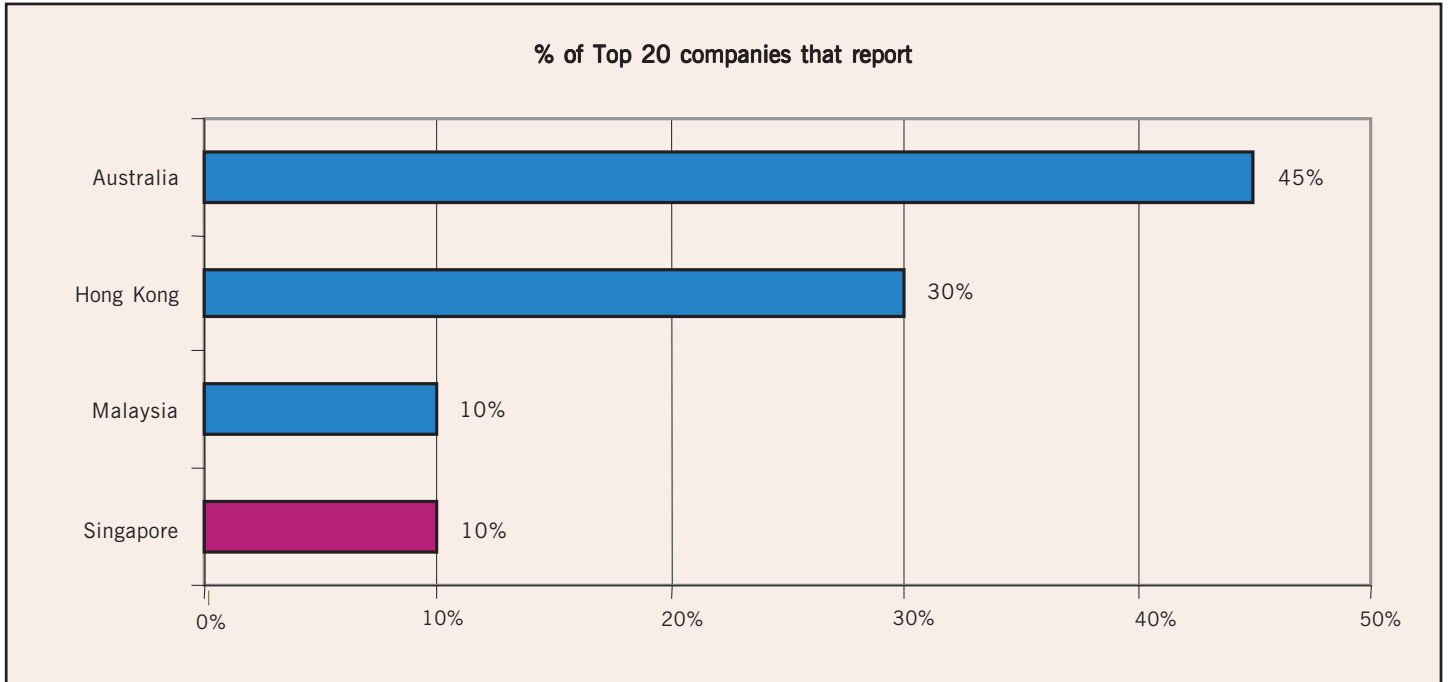


Figure 9

Comparative Review - Relative to ISO 14001 Certification

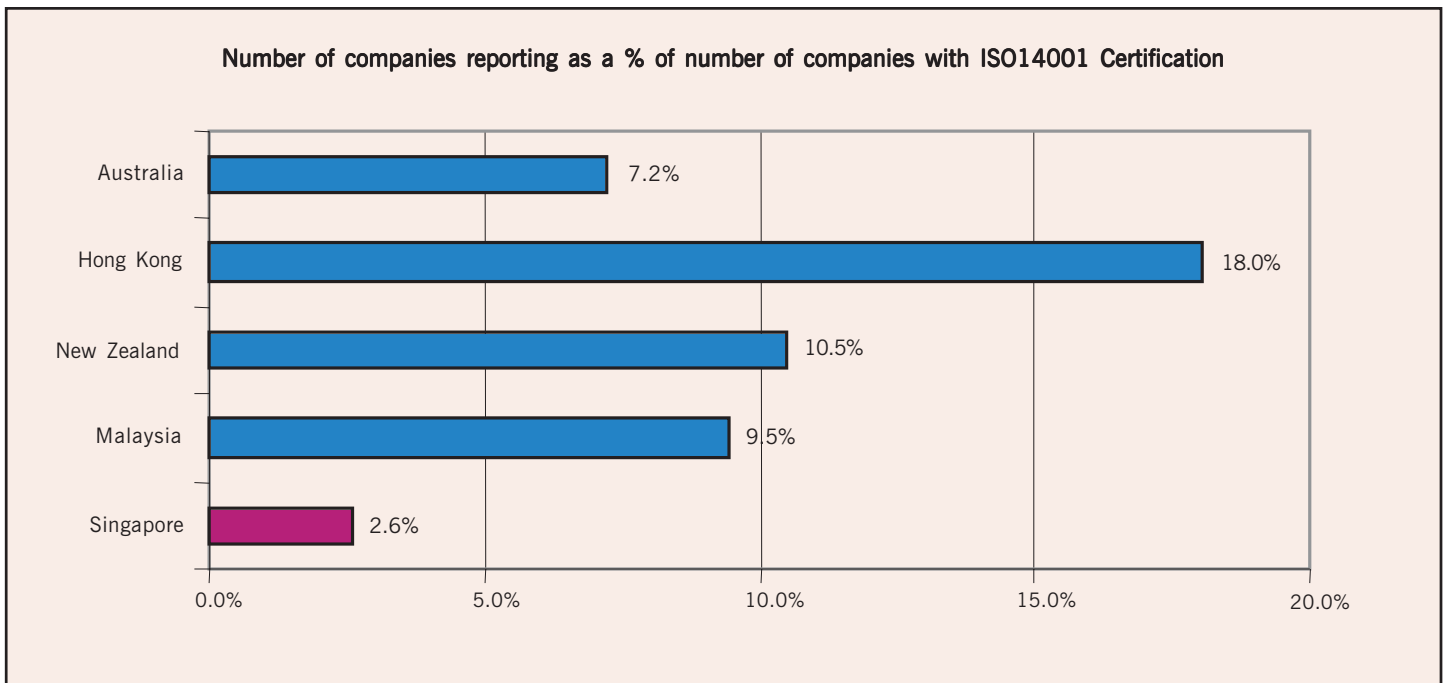


Figure 10

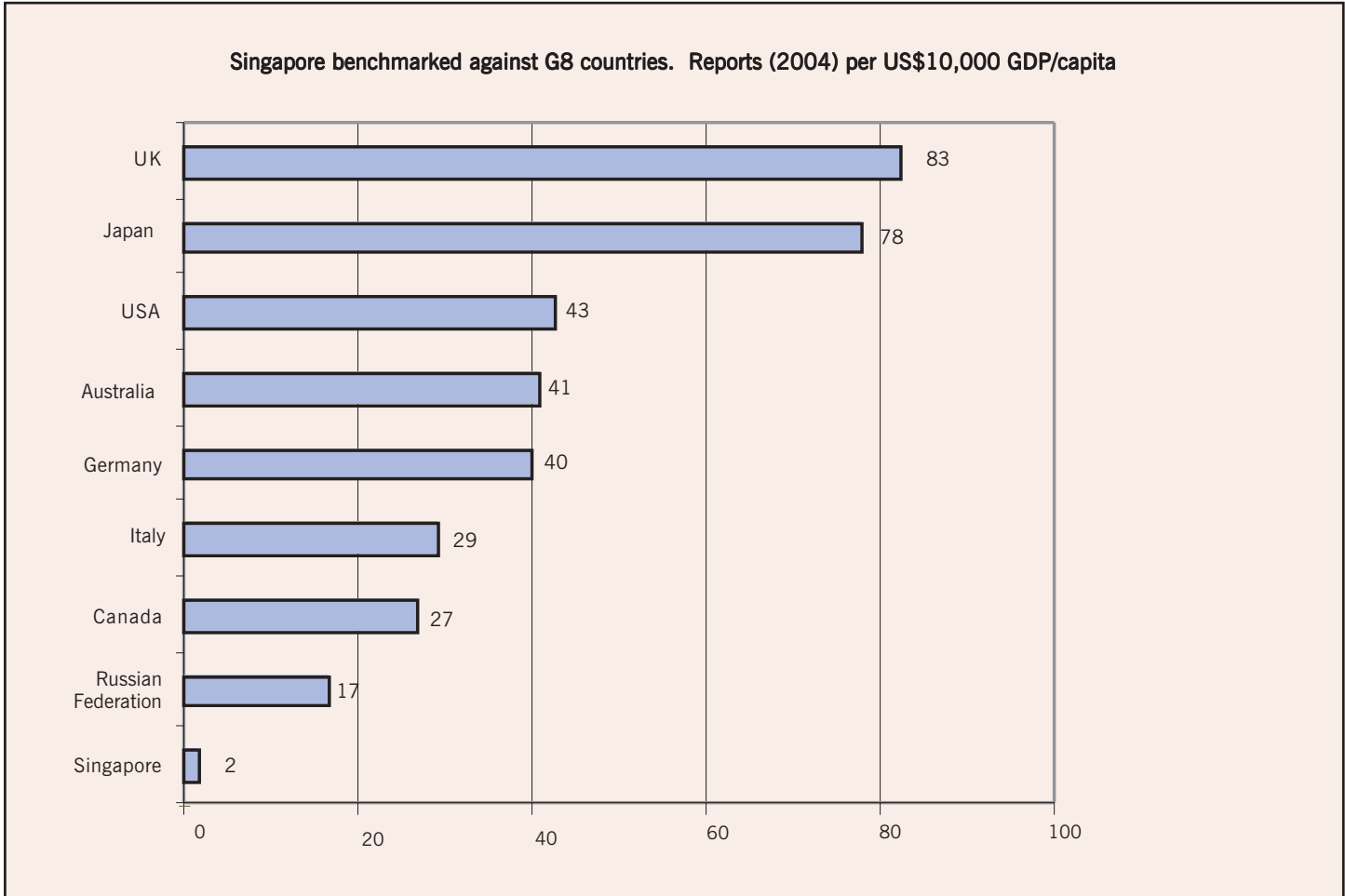


Figure 11

Comparative Review - Reporting relative to GDP

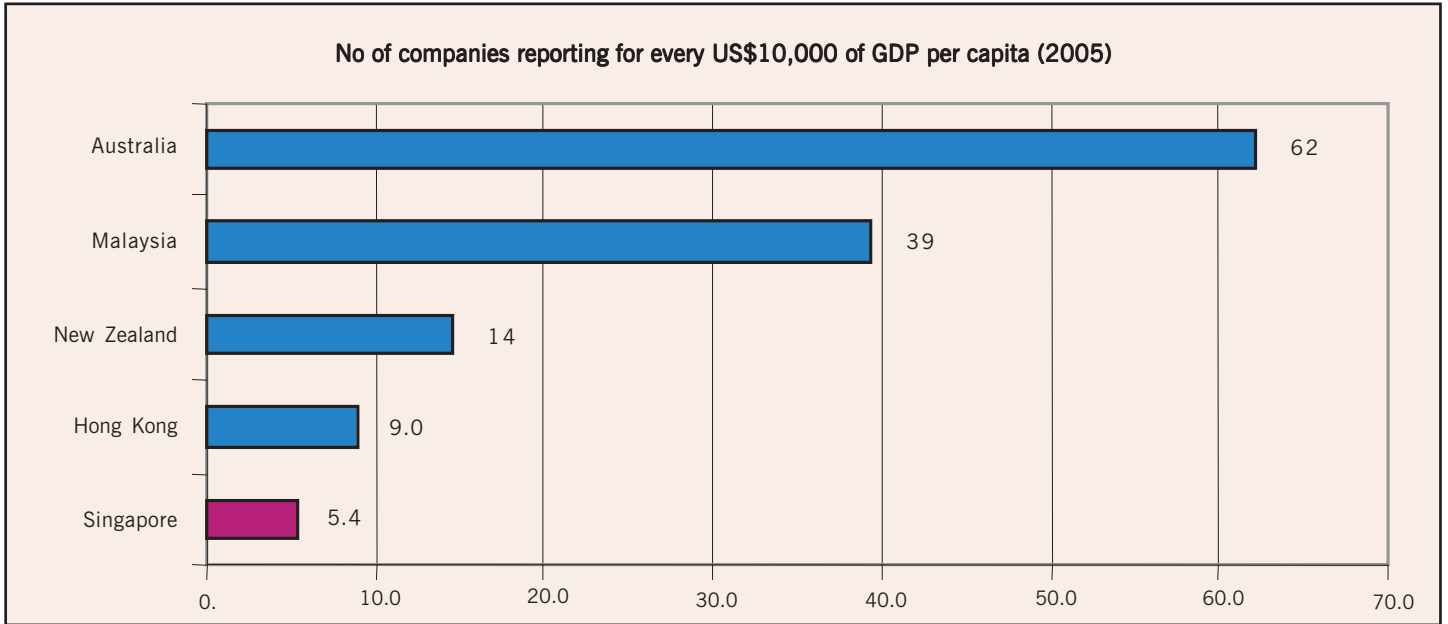


Figure 12

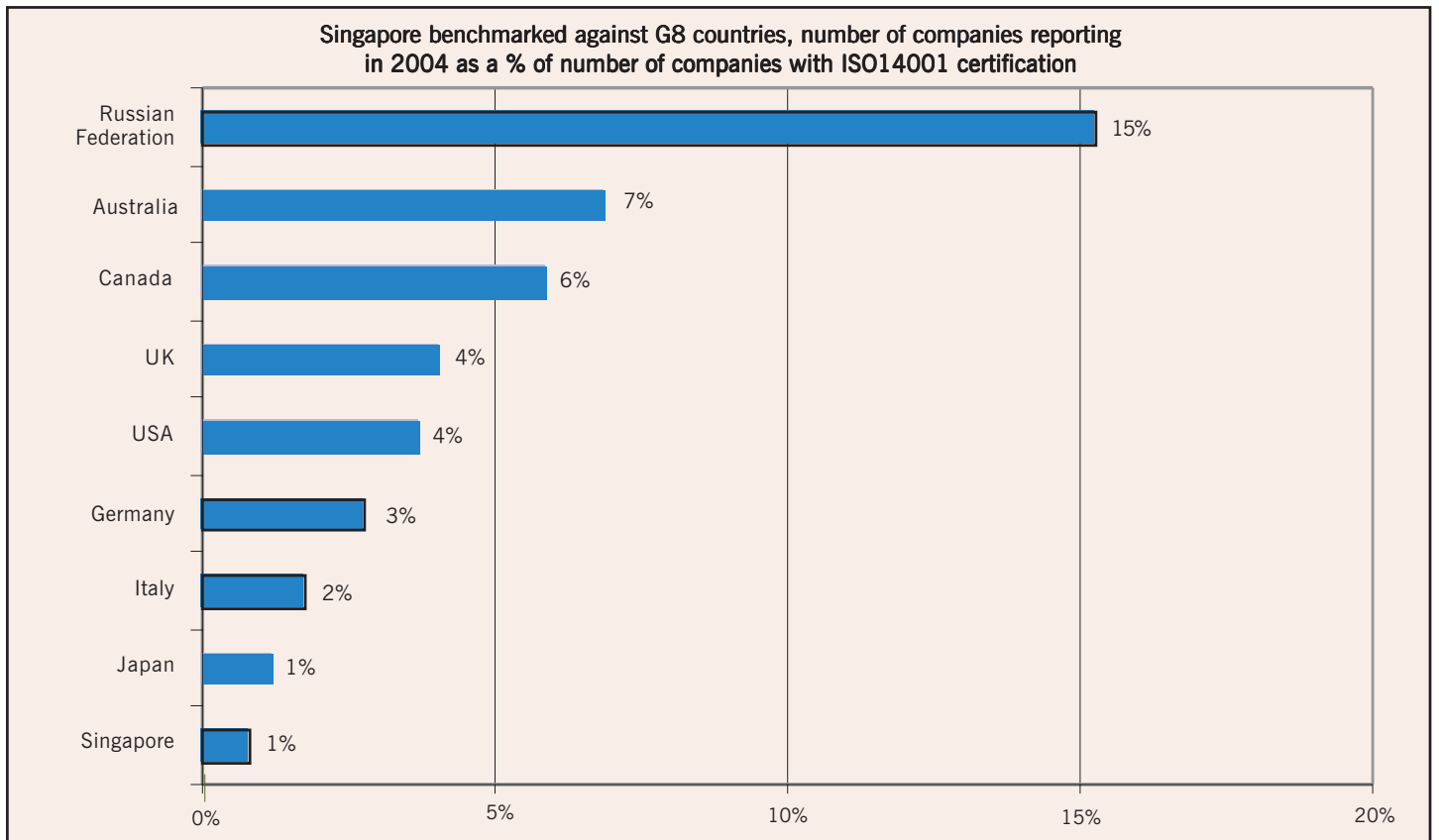


Figure 13

Conclusions

The findings of the survey show an increased awareness towards corporate environmental and social reporting. The level of reporting in Singapore has increased since the last survey conducted in 2002. However, the number of reporters is still relatively low when benchmarked with other countries regionally as well as internationally.

In comparison to the other countries in the region, Singapore has a good track record in the number of companies that are certified to ISO14001. These companies are missing a business opportunity by not reporting their environmental and social information.

The survey findings also identified that there is a high misconception that Corporate Social Responsibility (CSR) refers to philanthropy. Non-financial disclosure such as environmental and social reporting is vital to CSR and provides companies with a means to communicate to stakeholders a commitment to CSR.

There are many benefits to reporting, apart from enhancing a company's reputation, reporting helps companies to retain and recruit high calibre staff. Many international investors look at a company's CSR credentials and reporting can enable companies to access new markets.

Sustainability reporting has increasingly become a business expectation in Europe, the United States of America, Japan and Australia. In an increasingly global environment, companies run the risk of losing business if they do not report.

Although there may be cultural issues restricting the uptake of reporting in Singapore, it is likely that there will be increasing pressure on companies to report, especially those companies with overseas operations, overseas investments and/or overseas shareholders. This pressure is likely to come from the international markets, not from within.

Companies that are proactive and dynamic may grasp the financial benefits of embracing CSR, particularly in terms of reputation, stakeholder dialogue and shareholder value and may begin reporting sooner than those who wait for the external pressure to hit, making the leaders better able to profit from the upsides.

ACCA national awards

ACCA is now involved in reporting awards in more than 20 countries throughout Europe, Africa, North America and the Asia-Pacific region. ACCA award schemes are now established in Sri Lanka, Pakistan (in partnership with WWF), Malaysia, Singapore, Hong Kong, Australia and New Zealand, South Africa, and North America (in partnership with CERES).

ACCA awards serve to encourage non-reporters to publish information on their impacts and ultimately, help underline the business case for sustainable practices and development.

If you disclose environmental, social or full sustainability information about your organisation, we invite you to participate in the ACCA Singapore Environmental & Social Reporting Awards (SESRA) 2006.

About ACCA

ACCA (the Association of Chartered Certified Accountants) is the largest and fastest-growing international accountancy body with 260,000 students and 110,000 members in 170 countries. We aim to offer the first choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management. ACCA works to achieve and promote the highest professional, ethical and governance standards and advance the public interest.

ACCA issues a free quarterly web-based newsletter, Accounting & Sustainability, providing a comprehensive guide on developments in accounting and sustainable development.

Further information on ACCA is available on ACCA's website, www.accaglobal.com

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