INSTITUTE OF SINGAPORE CHARTERED ACCOUNTANTS

Fueling Sustainable Ecosystems

Insights From the Financial Services Sector

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Established in 1963, ISCA is an advocate of the interests of the profession. Possessing a Global Mindset, with Asian Insights, ISCA leverages its regional expertise, knowledge, and networks with diverse stakeholders to contribute towards Singapore's transformation into a global accountancy hub.

ISCA is the Designated Entity to confer the Chartered Accountant of Singapore – CA (Singapore) – designation.

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As the national accountancy body, ISCA is committed to supporting our members in their careers as they progress and rise to challenges faced along the way. ISCA's Technical Division provides technical support in areas of audit & assurance, financial reporting, sustainability and climate change, ethics and specialised industries such as capital markets, banking and finance and insurance; and communicates insights and views to our members and the wider accountancy community. Through our technical committees that comprise representatives from various stakeholders in the corporate reporting eco-system, we hear issues from the ground and conceive initiatives to promote and enhance quality, consistency and best practices to uphold technical excellence.

About ISCA's Sustainability and Climate Change Committee

ISCA's Sustainability and Climate Change Committee (SCCC) (formerly known as the Corporate Reporting Committee) is chaired by Mr Tan Wah Yeow and comprises individuals with significant experience and subject matter expertise in sustainability-related matters.

The terms of reference of the SCCC are to:

a) Promote understanding and appreciation of the importance of sustainability, including climate change among others, in business strategy and operations;

b) Advocate the professional accountant's role in the sustainability and Sustainability Reporting ("SR") of an organisation;

c) Promote adoption of quality SR in Singapore;

d) Advocate and promote Singapore's interests in relation to SR standards and requirements; and

e) Keep abreast of sustainability and SR related advances, such as green finance, and give consideration to the need for guidance.

These are executed through the SCCC with the support of three Sub-Committees – the SR Quality Sub-Committee (chaired by Mr Ian Hong); Sustainability Excellence Sub-Committee (chaired by Ms Fang Eu-Lin); and Education Sub-Committee (chaired by Mr Henry Tan).

Contents

Foreword

Financial institutions direct funds from those with an excess of them to those who can put them to more productive use. By extension, financial institutions also redirect financial flows away from environmentally and socially damaging business activities towards sustainable businesses. They have a significant and unique role in advancing the sustainable development of entire economies.

The financial services sector is well-placed to influence businesses in adopting sustainable practices and sustainability reporting. Apart from numerous developments both global and national that have advanced the sustainability agenda for financial institutions as a sector, local financial institutions also see sustainability issues as a risk to their long-term prospects. Financial institutions that robustly identify and manage material environmental, social and governance (ESG) factors gain a strategic competitive advantage and are forerunners in pursuing sustainable development.

This publication shares the considerations of the key capital providers, the financial institutions, which are both impactful and relevant to the rest of the ecosystem. Businesses, in particular, need to take these views into consideration seriously in setting out corporate strategies and decisions.

This publication also describes the sometimes-competing demands that reflect the business reality, as experienced or observed by the financial services sector. By examining these factors, businesses will find that sustainability is yet another business risk that can be turned into tremendous opportunities to enhance business strategy, operations and reporting.

We hope that businesses will be able to appreciate that beginning on the sustainability journey now is worth the potential tradeoffs, and they have much more to gain than to lose when they make the conscious decision to adopt sustainable practices. Actionable insights are provided at the end to lower barriers to entry for businesses looking to do so.

In developing this publication, insights have been gathered from individuals in the financial services sector[1] and subject matter experts from ISCA's SCCC. Our heartfelt thanks and gratitude for the contributions rendered.

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[1] ISCA acknowledges and thanks the co-moderators and participants of the ISCA Financial Services Sector Sustainability Reporting Roundtable held in June 2019 for their contributions:

- Ms Eileen Giam (co-moderator)
- Mr Ian Hong (co-moderator)
- Mr Mohit Grover
- Ms Aditi Joshi
- Mr Bryan Lee
- Ms Nhan Quang
- Mr Viswanath Srinivasan
- Mr Henry Tan
- Ms Joan Yeo
- Ms Yeoh El Lynn

1. Role of the financial services sector in the sustainability ecosystem

(i) Latest developments in the sector

Globally and regionally, many significant initiatives recognise the crucial role of responsible financing and investing in catalysing sustainable development and support financial institutions in addressing such areas more effectively. These initiatives include the United Nations Environment Programme – Finance Initiative[2]; Principles for Responsible Investment (PRI)[3]; Equator Principles[4]; and Asia Sustainable Finance Initiative[5]. Local movers and shakers such as regulators and large financial institutions are already engaging these initiatives meaningfully.

Closer to home, the Monetary Authority of Singapore (MAS) is actively promoting sustainable finance in the financial sector to develop Singapore into a leading center for green finance in Asia and globally[6]. Such ambition translates into initiatives, such as the Green Finance Action Plan which includes a US$2 billion green investments programme to invest in public market investment strategies that have a strong green focus[7], and partnerships and memberships with like-minded bodies worldwide, like the Network of Central Banks and Supervisors for Greening the Financial System[8]. MAS has also issued guidelines on environmental risk management to all financial institutions[9] and will set out roadmaps for mandatory climate-related financial disclosures by financial institutions[10].

The importance of green finance as an enabler for sustainability efforts was emphasised in the Budget 2021[11] and Singapore Green Plan 2030[12]. To build on the efforts of MAS, the Singapore Government will take the lead by issuing green bonds on select public infrastructure projects, which will serve as a reference for the Singapore Dollar corporate green bond market, including the standards and framework applied, and yields achieved. The Singapore Government has identified up to S$19 billion of public sector green projects for these green bonds in Budget 2021.

Singapore's financial institutions are heeding the call of the regulators in developing green finance. The Association of Banks (ABS) in Singapore developed its Guidelines on Responsible Financing which are the minimum standards on responsible financing practices to be integrated into their members' business models[13]. In addition to the implementation of these guidelines, Singapore's three local banks introduced sustainability-linked loans and green loans and have also announced in 2019 that they will cease the financing of coal power projects.

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[2] https://www.unepfi.org/about/
[3] https://www.unpri.org/pri/about-the-pri
[4] https://equator-principles.com/about/
[5] https://www.asfi.asia/
[6] https://www.mas.gov.sg/development/sustainable-finance
[7] https://www.mas.gov.sg/news/media-releases/2019/new-us$2-billion-investments-programme-to-support-growth-of-green-finance-in-singapore
[8] https://www.ngfs.net/en
[9] https://www.mas.gov.sg/regulation/guidelines/guidelines-on-environmental-risk-management
[10] https://www.mas.gov.sg/news/speeches/2021/a-sustainable-future
[11] https://www.mof.gov.sg/singaporebudget/budget-speech/e-building-a-sustainable-home-for-all
[12] https://www.greenplan.gov.sg/
[13] https://www.abs.org.sg/docs/library/responsible-finance-guidelines-version-1-1.pdf

1. Role of the financial services sector in the sustainability ecosystem (cont'd)

Insurance companies are huge investors and invest vast amounts of premiums collected. In addition to financial returns, many insurance companies have incorporated ESG considerations into their investment decision making or allocated significant funds to sustainability mandates to deliver on responsible investment strategies. Many of them have also made public commitments by being signatories to global initiatives, such as the PRI and Task Force on Climate-related Financial Disclosures[14], which usually require periodic reporting of progress.

Sustainable finance is still nascent, and there is still much opportunity for financial institutions to grow in this area. Just as financial institutions are assessing how they channel funds into productive uses, other businesses in the ecosystem need to sit up and seriously consider how to optimise their resource utilisation or risk being left behind.

Key takeaways

- Many global and regional initiatives recognise the crucial role of responsible financing and investing in catalysing sustainable development and support financial institutions in addressing such areas more effectively.
- Local movers and shakers in the financial services sector, such as regulators and large financial institutions, are already engaging these initiatives meaningfully.
- Other businesses in the ecosystem need to sit up and seriously consider how to optimise their resource utilisation or risk being left behind.

[14] https://www.fsb-tcfd.org/about/

1. Role of the financial services sector in the sustainability ecosystem (cont'd)

(ii) Sustainability is on management's agenda

Sustainability is high on the agenda of our financial institutions.

There are serious compliance and regulatory matters to consider when financial institutions deliberate over sustainability issues, such as the Guidelines on Responsible Financing imposed by the ABS and the compulsory sustainability reporting requirements on listed companies by the Singapore Exchange (SGX).

However, financial institutions are not adopting sustainable practices merely to meet regulatory requirements. Certain financial institutions that are not under SGX rules for mandatory sustainability reporting have gone on to publish sustainability reports voluntarily. There is genuine concern over the impact of sustainability risks, such as reputational risk, to the long-term prospects of their businesses. In addition, it is also clear from their new financial products that sustainability is viewed as a strategic competitive advantage.

The prioritisation of sustainability in the agenda of financial institutions is evident in the governance structures created to ensure that sustainability issues are given the required supervision. High-powered committees are specially set up to manage and monitor crucial sustainability issues. These committees usually comprise key management personnel and senior management, including the Chief Executive Officer or Chief Financial Officer, and report directly to the Board of Directors as part of the business review. Further layers below these committees, such as cross-functional taskforces, are dedicated to operationalise sustainability initiatives and ensure that they are followed through. These sustainability initiatives usually have long-term targets, with goals being set for at least five years later for one Roundtable participant.

Key takeaways

- Sustainability is high on the agenda of financial institutions, as evident in the governance structures created to ensure that sustainability issues are given the required supervision.
- Sustainability is viewed by financial institutions as both a risk to their long-term prospects and a strategic competitive advantage.

1. Role of the financial services sector in the sustainability ecosystem (cont'd)

(iii) Role of the financial services sector

As providers of capital, one may not expect financial institutions to have as much of an impact on key sustainability issues as other sectors with extensive supply chains or production processes.

However, our Roundtable participants agree that the financial services sector has an important role in alleviating sustainability issues.

Financial institutions influence best practices in entire industries. By adding ESG considerations to their assessment methods, financial institutions could catalyse change by spreading the message that sustainability reports are important and are under scrutiny. New financial products could be developed to prod businesses in the right direction and drive sustainability agendas. For example, sustainability-linked loans reduce interest rates if stipulated sustainability goals are met.

By setting ESG conditions for access to capital, financial institutions communicate key messages and instil the need in businesses to become more aligned to sustainability goals. They incentivise their customers to begin the sustainability journey and encourage capacity building.

The practices described above are already implemented by many financial institutions. In addition, there are now many ESG-focused funds that have generated substantial investments to invest in industries promoting ESG solutions. Perhaps seeking to capitalise on such trends, more businesses have started to report voluntarily on ESG metrics and have made open commitments to sustainability causes.

Our Roundtable participants agree that the emphasis is on the journey and not the destination. Although sustainability targets are goals to strive for, financial institutions work towards achieving genuine change by helping their customers build capacity, overcome difficulties and improve over time, as opposed to exiting the relationship if targets are not met stupendously.

Such engagement is a two-way street. Just as financial institutions reach out to customers about their ESG concerns, they learn about the challenges that their customers face on the ground. This enables both the financial institutions and their customers to grow together in the sustainability journey.

Key takeaways

- Financial institutions influence best practices in entire industries, via their assessment methods and financial products.

- The emphasis is on the journey and not the destination, and both financial institutions and their customers grow together by engaging each other.

1. Role of the financial services sector in the sustainability ecosystem (cont'd)

(iv) Impact of sustainability

These ESG motivations are not purely altruistic in nature. Clearly, the long-term performance of financial institutions is closely correlated with that of the businesses that they finance or invest in. Financial institutions themselves have institutional investors who impose sustainability requirements and expectations.

As with any other business strategy or decision, it is important for financial institutions, or any organisation for that matter, to anticipate global trends and direct capital accordingly. Our Roundtable participants consider sustainability factors to have a significant bearing on their prospects in the long term. No one wants to be associated with the unsavoury actions of an errant customer, which could lead to reputational or legal implications. Furthermore, the risk of entire sectors or markets becoming obsolete in the future due to global developments could be extremely costly if financial institutions maintain significant investments in these markets. Financial institutions could also lose ground in market share if they neglect emerging trends.

It is far from all doom and gloom though, as the same risks could also be identified as opportunities. For instance, as pollutive technologies get progressively phased out in the combat against climate change, renewable energy sources may replace them as viable investments or business opportunities. Organisations which prioritise sustainable development are also more likely to make responsible, future-oriented decisions which may make for a mutually beneficial relationship over the long term.

The assessment of risks and opportunities translates into actionable insights which in turn lead to strategic business decisions. From the perspective of the financial institution, investing in the right causes is not a matter of philanthropy, but remains very much a profit-oriented process. For instance, impact investing necessitates a sufficient financial return, in addition to positive environmental or social impact.

As one may see from the above, the same sustainability concerns above are also likely to affect businesses apart from financial institutions and should be integral considerations embedded in their business strategising and planning.

Key takeaways

- It is important to anticipate global trends and direct capital accordingly, and the same risks could also be identified as opportunities.

- The assessment of risks and opportunities translates into actionable insights which in turn lead to strategic business decisions.

1. Role of the financial services sector in the sustainability ecosystem (cont'd)

(v) Stakeholders are intertwined in the ecosystem

Together with regulation and capacity building, the financial services sector is but one prong in the trident to spearhead sustainability in industries and the economy at large.

Financial institutions kickstart sustainability efforts through the ecosystem. Just as no one is spared from the repercussions of drastic sustainability issues, every stakeholder is closely intertwined in the sustainability ecosystem. A few obstacles may stand in the way of a seamless relationship between banks and customers, such as the access to relevant information of customers and the cost and quality of the said information, but everyone has an individual responsibility to pursue sustainable values.

Key takeaways

- Everyone has an individual responsibility to pursue sustainable values.

2. Balancing views within the organisation

Financial institutions are a key stakeholder in any organisation. In addition, their forward-looking views on sustainability matters are increasingly representative of other stakeholders such as customers and employees.

Organisations in other sectors could glean useful insights from the experience of the banks and kickstart their own sustainability journeys. One would find that these considerations are not binary in nature and it is critical to maintain a balanced perspective.

(i) Long-term gain vs short-term profit

In the shorter term, it may be difficult to envision sustainability paying off eventually.

In the context of a bank, being more selective with customers who meet ESG requirements affects its bottom-line immediately as questionable customers are turned away. For any business, incorporating sustainability considerations into its business model could require immediate expenditure without any certainty of improved revenues. This is complicated by a company's accountability to its shareholders, who would expect continued profitability.

However, maximising profits and firm value also entails keeping an eye on the long-term horizon of the organisation. An unsustainable business may provide higher returns for now but struggle to survive when the world changes and entire markets or technologies disappear. Significant assets may be stranded if the organisation does not adjust to changing markets and become liabilities instead. As such, adapting to sustainability issues is not necessarily just a reputational play but also a defensive one to maintain market share.

One may also infer from the earlier example of a bank that borrowing costs may increase for the more questionable customers. Eventually, an unsustainable business may find itself priced out of the market in the long term when the world becomes more environmentally conscious and sources of funding for less sustainable businesses dry up. Conversely, the costs of financing may go down for businesses with proven track records in sustainability over time.

One thing is for certain. In balancing the long-term benefits against the short-term costs of sustainability, a business must recognise that it takes long-term planning and significant implementation time to be more sustainable. Organisations will need to begin the journey now in order to reap the benefits later, and it will be extremely challenging to implement sustainability only when the urgency reaches their doorstep.

Key takeaways

- Adapting to sustainability issues is a defensive play to maintain market share in the long-term. It will be extremely challenging to implement sustainability only when the urgency reaches one's doorstep.

2. Balancing views within the organisation (cont'd)

(ii) Comparability with others vs comparability within

Reviewers of sustainability reports will find that even within the same industry, material ESG factors and related disclosures could differ significantly among businesses.

A few factors contribute to such variability. Even businesses in the same industry can have vastly different characteristics such as the focus of the business, target consumers, geography of its operations, production processes, type of products, etc. To add to the complexity, there are a number of different reporting frameworks or standards with different disclosure guidelines that organisations could use to report their sustainability practices and progress.

An organisation will find that its stakeholders will not find its disclosures useful if it reports on a few generic areas that are common in the industry but are not applicable to its unique sustainability context.

Instead of looking outwardly, it is more important to look within and track its own performance over time diligently. Our Roundtable participants agree that understanding an organisation's progress in meeting its specific sustainability goals is more useful than reading disclosures on generic targets that are less relevant. Tracking its progress towards set goals will also enable it to improve in the areas that are material to its long-term prospects.

Key takeaways

- Reviewers of sustainability reports prefer to understand an organisation's progress in meeting its specific sustainability goals over reading disclosures on generic targets that are less relevant. Tracking such progress will also enable the organisation to improve in the areas that are material to its long-term prospects.

2. Balancing views within the organisation (cont'd)

(iii) Reporting all positive outcomes vs reporting negative outcomes as well

Balanced sustainability reporting states clearly an organisation's progress towards committed targets, even if it may not be entirely positive.

If it reports only positive performance, an organisation stands the risk of greenwashing its sustainability report. Not only depriving its stakeholders of important information about its actual performance in pursuing sustainability goals, the organisation also wastes a valuable opportunity to describe the challenges it faced and the efforts it made to improve from the experience.

As reiterated earlier, financial institutions are supportive of sustainability endeavours and hold a long-term view. As with any other form of public disclosure, it is key for the organisation to uphold honesty and transparency in its reporting of progress towards stated goals. With a common understanding of the organisation's progress in managing sustainability issues over time, a more collaborative relationship will be formed between the organisation and its stakeholders.

Key takeaways

- Sustainability reporting is a valuable opportunity for an organisation to describe the challenges it faced and the efforts it made to improve from the experience, even if performance may not be entirely positive.
- With a common understanding of the organisation's progress in managing sustainability issues over time, a more collaborative relationship will be formed between the organisation and its stakeholders.

2. Balancing views within the organisation (cont'd)

(iv) Sustainability reporting vs sustainability practices

The outcome of sustainable practices forms the content for reporting in sustainability reporting. Does this imply that sustainability reporting is not essential if sustainable practices are already in place?

Not necessarily, agreed our Roundtable participants. The causal relationship between sustainable practices and sustainability reporting is a cyclical process. The reporting journey leads to an examination of existing practices and imposes a discipline to constantly improve on publicly disclosed performance and targets. Consequently, there would be a genuine improvement in sustainable practices, which in turn leads to more meaningful reporting. The role of sustainability reporting should not be undermined and viewed as just a compliance exercise.

Key takeaways

- Meaningful sustainability reporting leads to impactful sustainable practices, and vice versa.

2. Balancing views within the organisation (cont'd)

(v) Environmental vs social

While one may note that environmental issues such as climate change usually take the spotlight, it is important not to neglect an organisation's impact on society. It could be all too easy for the sustainability agenda to focus on environmental causes, given the urgency of the drastic changes required to reverse the situation and the monumental global attention on these issues.

However, an identification of the organisation's key stakeholders and material issues should reveal that the people aspect must be considered as well. Just as it is vital for environmental preparations and safeguards to begin now in order to have a meaningful impact later on, social factors such as diversity and inclusion, employment practices or health and safety could also be highly relevant to an organisation's sustainable development and warrant as much attention immediately.

Key takeaways

- Social factors could be as relevant as environmental ones to an organisation's sustainable development and warrant as much attention immediately.

3. Keeping sight of the objective

There is a convincing argument that the sustainability journey must begin sooner rather than later. What actionable insights can organisations consider in implementing their sustainability initiatives effectively?

(i) Large organisations vs smaller organisations

Naturally, organisations smaller in size would be more constrained in resources and will need to prioritise resource utilisation very carefully for its continued existence. It could be a common justification that profitability is the primary consideration for these organisations, and sustainability is a lofty ambition to be pursued by those with sufficient resources.

The reasons for sustainability mentioned earlier should be key considerations that are equally applicable to all organisations. It is a matter of survival to large and smaller organisations alike and sustainability considerations are equally important to their development. As such, as with any other business risk or opportunity that is deliberated by the directors as part of enterprise risk management, it is fundamental to organisations of all sizes for the identification of sustainability risks and opportunities to be done at a strategic level to steer their business models accordingly.

Smaller organisations need not be dismayed by the intimidating reality that sustainability is a business imperative. While larger organisations may need to implement their sustainability initiatives on a larger scale in order to reap their benefits, smaller organisations need only start small and already see the tangible benefits. For a start, it is essential for resources to be allocated to capacity building and to begin on the journey slowly but surely. Again, setting targets and monitoring progress are critical.

Key takeaways

- Sustainability considerations are equally important to the development of smaller companies and it is essential for them to begin on the sustainability journey slowly but surely.

- It is fundamental to organisations of all sizes for the identification of sustainability risks and opportunities to be done at a strategic level to steer their business models accordingly.

3. Keeping sight of the objective (cont'd)

(ii) Macro vs micro goals

2019 was designated as Singapore's Year Towards Zero Waste by the Ministry of Environment and Water Resources (now known as the Ministry of Sustainability and the Environment). Adopting a circular economy approach is integral to reduce waste and strive for zero wastage[15]. This is an example of how one may be overwhelmed by the influx of terms and buzzwords that follow rapid global and national developments in the sustainability space, which is itself not an established concept yet.

It is important to keep abreast of emerging trends and initiatives, both globally and nationally, as they are likely to be relevant and have a current impact on the organisation. For instance, in order to meet Singapore's pledge to reduce emissions by 2030, carbon tax came into effect in 2019. Both global goals, such as the United Nations Sustainable Development Goals, and national targets, such as Singapore's commitments, could guide organisations in setting entity-specific goals.

In this regard, sustainability issues are no different from other national strategic priorities, for instance digital transformation, that warrant careful identification and planning by organisations so as not to be made obsolete in future.

However, it is also important to assess these developments critically and distil what is relevant to the organisation based on its unique business model, circumstances and current level of maturity. Being distracted by emerging trends just because they are the next big thing diverts precious resources away from the issues that are more crucial for its sustainable development.

In addition to being aware of global and national initiatives, organisations must identify relevant sustainability risks and opportunities and set meaningful targets at the same time.

Key takeaways

- National strategic priorities, including sustainability, warrant careful identification and planning by organisations so as not to be made obsolete in future.
- It is important to assess global and national developments critically and distil what is relevant to the organisation based on its unique business model, circumstances and current level of maturity.

[15] https://www.towardszerowaste.sg/circular-economy/

(iii) Form vs substance

SGX's resource on global reporting frameworks[16] alone provides a non-exhaustive list of nine frameworks, including those from the Global Reporting Initiative (GRI), International Integrated Reporting Council (IIRC)[17] and Sustainability Accounting Standards Board (SASB)[14].

In general, it could be challenging to sort through the number of frameworks and standards available in the marketplace for the most suitable one. To complicate matters further, a few of these frameworks could also be used in conjunction with one another. Acting on feedback to its public consultation[18] in 2020 and seeking to alleviate this problem, the IFRS Foundation will establish an international sustainability reporting standards board that will build on existing frameworks to provide a globally consistent and comparable sustainability reporting baseline[19].

The substance of sustainability reporting is to report on material ESG factors relevant to the organisation. Our Roundtable participants agree that providing information which is relevant and specific to its context is more meaningful than following a template strictly just because it is provided in the frameworks. To facilitate this, many frameworks allow users to select applicable disclosures to report and/or explain reasons for omission.

An organisation should therefore prioritise useful information in its reporting and not feel compelled to disclose disproportionally on generic topics that are not material to its business. Of course, this must not be taken as an opportunity to violate the principle of balanced reporting and avoid disclosing negative performance.

Key takeaways

- The substance of sustainability reporting is to report on material ESG factors relevant to the organisation.
- An organisation should prioritise useful information in its reporting and not feel compelled to disclose disproportionally on generic topics that are not material to its business.

[16] https://www.sgx.com/regulation/sustainability-reporting
[17] In November 2020, the IIRC and SASB announced their intention to merge into the Value Reporting Foundation.
[18] ISCA responded to the public consultation by the IFRS Foundation Trustees and issued two comment letters. They may be found here.
[19] https://www.ifrs.org/news-and-events/2021/03/trustees-announce-strategic-direction-based-on-feedback-to-sustainability-reporting-consultation/

Conclusion

Sustainability has always been central to Singapore's nation building. Singapore's global reputation as the Garden City is testament to the environmental considerations that were, and still are, weaved thoughtfully into long-term urban development back in her younger days.

Fast forward to today, especially in the midst of significant global developments and trends, sustainability continues to feature prominently in the government agenda. Prime Minister Lee Hsien Loong highlighted preparations for climate change in his National Day Rally 2019, which also revealed that adapting to climate change could cost S$100 billion or more over 100 years[20]. Following this, Singapore's Budget 2020[21] and 2021 invested considerably in combating climate change and developing sustainably, with S$1 billion committed for research in Urban Solutions and Sustainability, S$5 billion injected into a new Coastal and Flood Protection Fund, and S$19 billion of public sector green projects to be financed with green bonds. Last but not least, in July 2020, the Ministry of the Environment and Water Resources was renamed to the Ministry of Sustainability and the Environment to better reflect that sustainability has become an increasingly important part of Singapore's national agenda[22].

These events all show that developments in the financial services sector should not be viewed in isolation, but rather, they are representative of the wider need for economic growth to be resilient and sustainable. It is no exaggeration that sustainability is a matter of survival to both nations and businesses alike, and businesses must take heed of the considerations in this publication.

A Roundtable participant recalled that he once attended an exhibition on sustainable practices to save the environment, where there was also a buffet reception. At one side of the exhibition hall, methods to reduce and manage waste were showcased. Yet at the same time, at the other side, there were signs of food wastage and plastic bottles strewn everywhere. This reflects that sustainability values are only meaningful and beneficial if they are enacted by organisations on a daily basis, and not just espoused in mission statements.

We hope that this publication inspires organisations to persevere in seriously incorporating sustainability into their business strategy and operations.

[20] https://www.pmo.gov.sg/Newsroom/National-Day-Rally-2019
[21] https://www.gov.sg/article/ensuring-a-sustainable-future
[22] https://www.pmo.gov.sg/Newsroom/Remarks-by-PM-Lee-Hsien-Loong-at-the-Press-Conference-on-the-new-Cabinet-Line-Up-July-2020

Glossary

Sustainable finance[23]	Practice of integrating environmental, social and governance (ESG) criteria into financial services to bring about sustainable development outcomes, including mitigating and adapting to the adverse effects of climate change.
Sustainability-linked loans[24]	General corporate purpose loans used to incentivise borrowers' commitment to sustainability and to support environmentally and socially sustainable economic activity and growth.
Green finance[25]	Any structured financial activity – a product or service – that's been created to ensure a better environmental outcome. It includes an array of loans, debt mechanisms and investments that are used to encourage the development of green projects or minimise the impact on the climate of more regular projects. Or a combination of both.
Green loans[26]	Any type of loan instrument made available exclusively to finance or refinance, in whole or in part, new and/or existing eligible green projects.
Green bonds[27]	Any type of bond instrument where the proceeds will be exclusively applied to finance or re-finance in part or in full new and/or existing eligible green projects.
Impact investing[28]	Impacting investing aims to generate specific beneficial social or environmental effects in addition to financial gains. Impact investments may take the form of numerous asset classes and may result in many specific outcomes. The point of impact investing is to use money and investment capital for positive social results.
Circular economy[29]	An alternative to a traditional linear economy (take, make, waste). It seeks to reduce waste, recovers resources at the end of a product's life, and channels them back into production, thus significantly reducing pressure on the environment.

[23] Source: Monetary Authority of Singapore
[24] Source: Sustainalytics
[25] Source: World Economic Forum
[26] Source: Green Loan Principles
[27] Based on the Green Bond Principles
[28] Source: Investopedia
[29] Source: Ministry of the Environment and Water Resources, renamed as Ministry of Sustainability and the Environment

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At the ISCA Financial Services Sector Sustainability Reporting Roundtable (the "Roundtable"), participants discussed the relevance of sustainability and sustainability reporting to the financial services sector and the related challenges and opportunities.

As the Roundtable was conducted based on the Chatham House Rule, whereby neither the identity nor the affiliation of the speaker(s), nor that of any other participant, may be revealed, this report does not quote the specific speaker.

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Co-Moderators of the Roundtable

Ms Eileen Giam	Member of ISCA's SCCC; Partner of Deloitte & Touche
Mr Ian Hong	Member of ISCA's SCCC; Partner of KPMG

Participants of the Roundtable

Mr Mohit Grover	Director, Deloitte & Touche
Ms Aditi Joshi	Vice President, ESG, Risk Policy, OCBC
Mr Bryan Lee	Assistant Director, Banking Industry Projects, The Association of Banks in Singapore
Ms Nhan Quang	Senior Manager, Climate Change and Sustainability Services, Ernst & Young
Mr Viswanath Srinivasan	Regional Financial Controller and Head of Tax, Asia Pacific, Barclays
Mr Henry Tan	Member of ISCA's SCCC; Group CEO of Nexia TS
Ms Joan Yeo	Chief Financial Officer, Hong Leong Finance
Ms Yeoh El Lynn	Head of Ethics, Prudential Singapore

Acknowledgements (cont'd)

Authors of this Publication

Mr Donaphan Boey	Manager, Sustainability & Climate Change Department, ISCA Technical Division
Mr Terence Lam	Senior Manager, Sustainability & Climate Change Department, ISCA Technical Division
Ms Lim Ju May	Deputy Director, ISCA Technical Division – Financial Reporting; Ethics & Specialised Industries; Audit & Assurance; Sustainability & Climate Change

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