



Welcome Note by Magnus Bocker, Chief Executive Officer, Singapore Exchange at the Launch of Sustainability Reporting Guide for Listed Companies on 27 June 2011, Monday, at SGX Auditorium, 9.00am

Minister Vivian Balakrishnan, Minister for the Environment and Water Resources,

Ms Olivia Lum, President of Singapore Compact

Distinguished guests, Ladies & Gentlemen, Good Morning and a warm welcome to all.

1. Shareholder engagement. Product responsibility. Corporate Accountability. Labour practices and relations. Risks Assessments. These are familiar considerations of our everyday business and discussions. They are also aspects of sustainability reporting that reveal an organisation's economic, environmental, and social performance.

Global focus on Responsible Investment and Sustainability Reporting

2. In recent years, responsible investment (RI) and sustainability reporting have been gaining increasing importance. Today, the Responsible Investment (RI) market may still be a niche market, but responsible investing has become more and more significant in the investment world.

3. According to the Robeco Group and Booz & Company, the RI market is expected to reach between 15%-20% of total global Assets Under Management (AUM) or nearly US\$27 trillion in less than 5 years.

4. Since 2003, the global RI AUM has grown by 22 percent annually from key regions, while global AUM growth remained at 10 percent.

5. Asia is still a growing market, with only 2% on US\$10 billion RI AUM. The Asian RI market is expected to grow at a rate of over 150 percent per annum, to reach a market size of around US\$3 trillion.

6. Investment banks such as Deutsche Bank have already started focusing on themed funds, with three RI funds launched within the last two years, of over US\$2.8 billion AUM. BlackRock has set a target to increase its RI holdings from 9 percent of its total AUM to 15 percent.

The UN Call for Stock Exchanges to Champion Sustainability Reporting

7. The corporate sustainability movement. In November 2009, the United Nations Conference on Trade and Development (UNCTAD) co-hosted a meeting of institutional investors and CEOs from exchanges to explore how the world's exchanges could work together with investors, regulators and business to encourage responsible long-term approaches to investment.

8. The meeting produced a number of key insights into the various ways in which exchanges could promote sustainable business practices. These included enhanced sustainability reporting requirements for listed companies and the establishment of sustainability indices.

Practice of Other Exchanges & Jurisdictions

9. In this regard, Global exchanges have a role to play. Exchanges affect the business operations and practices of the companies to improve sustainability practices and reporting among listed companies.

10. European countries such as Denmark, Sweden, Norway, and the Netherlands are already leading the pack with sustainability reporting requirements and guidelines. That's where I gained my experience.

11. In 2010, the U.S. Securities and Exchange Commission issued guidance requiring companies to weigh the impact of climate change law and regulation when deciding what information to include in corporate filings. Recently, South Africa led the way for integrated reporting of financial and sustainability disclosures.

12. Closer to home, the Hong Kong Exchange intends to consult on its ESG Reporting guide by this year. Whereas, Bursa Malaysia Exchange has mandated disclosure of CSR activities of their listed companies since December 2007.

State of Play of Sustainability in Singapore

13. Let's be honest.... There is currently limited mainstream sustainability reporting beyond corporate governance issues in Singapore. Only a handful of our companies undertake holistic sustainability reporting. City Developments Ltd, Hyflux Ltd, Sembcorp, Banyan Tree Holdings, Olam and Capitaland have all been applauded for their efforts. Indeed, they set exemplary standards for us to follow.

14. Sustainability reporting is an area that is still in its growing stages in Singapore.

SGX's Role & Commitment to Sustainability

15. SGX, as the gateway to Asia, is at the epicenter of dynamic growth and diverse capital activities. We have companies raising both equity and debt financing, beyond their own shore, on our Exchange. At the same time, we witness investment banks and investors with multi market coverage, using Singapore as a base. We have about 800 listed companies and many more issuers, who seek to grow their businesses and build their presence in Asia via SGX.

16. As a leading exchange, we aim to continue to attract leading companies with leading standards into our markets. We are committed to uphold a sustainable and high quality marketplace for our listed companies and market participants. And one of the key contributors to the effective functioning of our capital market is having good corporate governance. Increased corporate transparency on sustainability issues raises standards of governance and consequently businesses like yours will attract attention from investors who value such standards.

17. In other words, companies aiming to expand internationally would have to gear up for the new green economy.

The Guide

18. SGX Sustainability Reporting Guide represents our efforts to raise sustainability reporting standards in Singapore and to support companies embarking on this journey.

19. While sustainability reporting is voluntary for our companies at this point, we will continue to keep pace with global developments.

20. I hope soon, more of our companies will be recognised for their commitment to sustainability and perhaps, inspire others to follow the same path.

21. Your presence today signifies that you do care. When companies like yours drive sustainability issues deeper into your operations and strategy, you send a powerful signal.

22. On this note, it is an honour to invite Minister Balakrishnan to share with us his views in his Opening Address.

23. Minister, please.

End