

## Sustainability reporting a rising trend

THERE has been a marked increase in sustainability reporting among listed companies in their annual reports this year.

“More companies have made efforts to discuss business sustainability and there was a significant increase in the number of annual reports that contained a separate section on sustainability reporting,” says Kevin Kwok, senior partner at Ernst & Young LLP, who chairs the judging panel.

While this is an encouraging sign, Mr Kwok feels that many of these reports have been a narration of past activities.

More could be said about how the company will undertake new initiatives in the area of environmental and social accountability and permeating these into its business processes.

“We hope to see more, going forward, including specific measurements, statistics, key performance indicators and more insightful discussions,” Mr Kwok says.

While there have been major improvements in the annual reports seen this year, some areas are still lagging, he adds.

Under the review of results, for instance, companies are weak in benchmarking performance against their competitors and industry. Few companies disclosed and discussed productivity and value-add while most companies provided management discussions and analyses that were “quite superficial and less-than-informative nor were they insightful”.

“Few companies appear to have a vision, let

alone a mission. Given that, it is difficult to see how their discussions of strategy can make sense,” he says.

Mr Kwok feels that there was little or no discussion of the economic and competitive environment in which the companies operate and there is little to connect these issues with the companies' strategy and plans.

In some cases, little is said about how companies will address threats of business disruption.

Mr Kwok also finds corporate governance disclosures “often standard and have a ‘boilerplate’ look”. He urges companies to have more specific discussions and provide company-specific information that goes beyond that specified in the Code of Corporate Governance.