

Pursuing Sustainability in Regulating Markets:

An interview with Ms. Lian Sim Yeo

By: Jocelyn Gan, American University of Paris November 2016



Ms. Lian Sim Yeo, Special Adviser at the Singapore Exchange (SGX), was a panelist on New Drivers of Sustainable Development & Responsible Investing roundtable on the first day of the 2016 Nordic Conference. The roundtable reflected on the evolution of technology exchanges, and discussed how these exchanges are incorporating sustainability indicators to drive market transparency and reporting.

I met Ms. Yeo after her panel session to discuss the newly-launched SGX Sustainability Indices, a suite of information that reflects a company's environment, social, and governance (ESG) research and ratings. Here is an edited and condensed version of our conversation.

Ms. Lian Sim Yeo, left, Ms. Jocelyn Gan, right

Q: How was the SGX Sustainability Indices created?

It is important to understand that sustainability is important to the longevity of an investment. It gives investors an idea of how their future is projected, reflects on a company's management, and insures a company's inclusion to any disclosure mandates present or in development worldwide. This is principle we always understood and wanted to encourage to our listed companies. We wanted to be forward- thinking and strive for sustainability disclosure in the market. This was no easy task.

During the initial discussions of creating the Sustainability Indices, we knew that the information we asked for from companies had to be applicable across different sectors and investors. We also did not want to put additional burden to the market for more information. This outlined our priority – to ensure that the Indices reflect information that is both useful and in demand by investors and preparers.

Q: What was the process to determine what information should be collected?

At the start of the project, we sent out a large survey to both users and preparers – users being the stakeholders and preparers being the investors. We had an elaborate survey that asked both parties to evaluate the importance of a certain piece of information, i.e. water usage, on a spectrum. Is that information crucial, somewhat important, interesting to know, or not relevant at all? This range gave us insight on the two parties' priorities and also gave us leverage when approaching companies who may think certain metrics will not be useful to an investor.

We later organized focus groups with the investors and listed companies – even the companies who did not respond to the survey – to discuss the challenges and successes of auditing. Once the survey and focus group results were compiled, it was released to the public. Result feedback from the public were taken into consideration and the indices were revised.

We wanted to make sure that the system can manage the needs, as well as handle the capacity of this information.

Q: Were there any surprising results from the survey?

Well, I can first tell you what we found that was not a surprise. In the survey, majority of the companies responded that investors wanted to know mainly about safety. Investors, however, responded that they also wanted information on climate change, water use and, of course, supply chain. Our survey allowed us to show that the needs of the investors were not met. This allowed us to build a sensible foundation of the indices that will get companies to improve while complying with investors.

A pleasant surprise from the survey was the number of foreign investors that took up interest. There were some obvious investors and some

unusual. It showed that many sectors were interested in ESG, which was reassuring that we were on the right path.

Q: What advice do you have for young professionals pursuing sustainability as a career?

I don't know about advice but I will say that I always try to do jobs that I was interested in. You always want to be whole hearted in what you do, and push yourself to do the best. You should also explore different areas and see where it leads to. I definitely did not start my career thinking that I was going to be a regulator. I was started off as an economist and navigated my way working in management policy, investment reserves, and now in regulating markets.

Rarely does someone start their their career pursuing of a specific job, let alone do sustainability reporting. Young professionals should follow whatever peaks their interest, work wholeheartedly, and will ultimately be working on something they love.

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