

RESPONSE TO THE DRAFT OF SINGAPORE STEWARDHSHIP PRINCIPLES (SSP) FOR RESPONSIBLE INVESTORS 2.0

Please note that the Steering Committee will not be responding to each submitted response individually, but all feedback will be carefully considered by the Secretariat and the Steering Committee in finalising the SSP 2.0.

<p>Organisation/ Name¹:</p> <p>¹if responding in a personal capacity</p>	<p>Responses were collated from an e-roundtable held on Dec 1, 2021 as well as responses sent in to CFA Society Singapore.</p> <p>CFA Society Singapore*:</p> <p>John Wang, CFA</p> <p>Jolly G Balva, CFA</p> <p>Sarah Song, CFA</p> <p>Shah Islam, CFA</p> <p>*Some respondents to the consultation paper prefer to remain anonymous.</p>
<p>Are you a member of the following associations? (please select all that apply)</p>	<p><input type="checkbox"/> Association of Chartered Certified Accountants</p> <p><input type="checkbox"/> Asia Pacific Real Estate Association</p> <p><input checked="" type="checkbox"/> CFA Society Singapore</p> <p><input type="checkbox"/> CPA Australia</p> <p><input type="checkbox"/> Investment Management Association of Singapore</p> <p><input type="checkbox"/> Institute of Singapore Chartered Accountants</p> <p><input type="checkbox"/> Securities Investors Association (Singapore)</p> <p><input type="checkbox"/> Singapore Institute of Directors</p> <p><input type="checkbox"/> Singapore Venture Capital & Private Equity Association</p> <p><input type="checkbox"/> None of the above</p>
<p>Name of contact person:</p>	<p>Chan Fook Leong, CFA</p>
<p>Email address for any clarifications:</p>	<p>advocacy@cfasocietysingapore.org</p>

Confidentiality

Please select one of the following:

- I am agreeable to have my entire submission be made publicly available
- I am agreeable to have my comments but not my identity be made publicly available
- I wish to keep my entire submission confidential

Objectives, Scope and Framework of SSP 2.0 (The Principles)

1. Do you agree that the revised definition sufficiently covered what is considered as effective stewardship?

Strongly agree Agree Disagree Strongly disagree

Comments on question 1:

- We are in agreement with the revised definition.
- The Steering Committee may also wish to consider an explicit reference to risk management practices by asset managers through engagement and influence that can benefit asset owners.

2. Does the SSP 2.0 sufficiently cover all key stakeholders and the core areas of their stewardship responsibilities? Are there any areas which should be included in the SSP 2.0?

Very well-covered Well-covered Slightly covered Very poorly covered

Comments on question 2:

- We are of the opinion that some global firms are already engaging investee companies including issuers, and have gone above and beyond SSP 1.0.
- To encourage widespread adoption in Singapore, we should encourage small- and mid-sized asset managers to adopt and implement SSP 2.0. One of the possible pushback would likely be scarcity of resources which poses much more of a formidable barrier compared to the same difficulty experienced by big firms. As such, there should be additional guidance or help to enable wider adoption in Singapore (see suggestions in 'Comments on question 5').
- There was also a point brought up if SSP 2.0 should include all stakeholders instead of key stakeholders. We felt that it was important for SSP 2.0 to be widely adopted. Hence, stakeholders who are in the position to contribute positively should engage investee companies and issuers.
- Signatories to SSP 2.0 should put out a stewardship policy statement that outlines the scope of the asset manager's objectives, processes, asset classes, metrics, monitoring,

targets and disclosure policies. This will encourage accountability, monitoring and performance management.

- ESG practices are changing fairly rapidly. In some asset classes they are at a nascent stage. The stewardship responsibilities could encourage signatories to be proactive and continually engage regulators, standard setters and other stakeholders to effect required policy changes in order to accelerate the achievement of stewardship objectives.

3. Do you agree with the objectives, proposed changes and approach of the SSP 2.0? Are there other applications of stewardship which are not reflected in the SSP 2.0?

Strongly agree Agree Disagree Strongly disagree

Comments on question 3:

- Whilst SSP 2.0 is not prescriptive, signatories are encouraged to clearly disclose objectives, metrics, targets, processes and other pertinent practices and policies for accountability, monitoring and performance management purposes.

4. Does the SSP 2.0 sufficiently cover asset classes beyond listed equity? If not, how can they be expanded?

Very well-covered Well-covered Slightly covered Very poorly covered

Comments on question 4:

- Signatories should exercise stewardship in asset classes where they are able to exert influence.

5. Are the expectations clear for signatories in their implementation of SSP the 2.0? If not, what are ways that can encourage better adoption and implementation of the SSP 2.0?

Very clear

Clear

Unclear

Very unclear

Comments on question 5:

- We view widespread adoption and implementation of SSP 2.0 as key to the success of stewardship efforts in Singapore.
- The feedback in this consultation paper response balances out the need to set the bar higher with the likelihood of widespread adoption and implementation in Singapore.
- Being supportive and encouraging are important in driving adoption and implementation of SSP 2.0 especially in Singapore where asset owners and managers may be relatively new to the engagement process; and investee companies and issuers may be less open to dialogue or very new to the engagement process.
- The SSP 2.0 document should remain an easy to digest document. However, there are peripheral initiatives that can be explored in encouraging adoption and implementation especially for small- and mid-sized asset managers:
- Toolkits – authoritative and adaptable step-by-step guidance to help spring board signatories to embark on SSP 2.0 can help drive adoption and implementation. The toolkit can include items on how to engage investee companies and issuers. These adaptable tools are especially useful for signatories who may not have much resources at their disposal.
- Sample templates – this can be embedded into toolkits. There are advantages (ease of adoption) and disadvantages (boiler plate language, risk of greenwashing etc) to templates. On balance, we are of the opinion that the advantages do outweigh the downside in Singapore.
- FAQs – this is a proven methodology of quickly providing explanation and guidance to a relatively complex process.
- Uses cases – there are uses cases from Europe which leads in ESG and stewardship practices that can be used in Singapore. However, we believe uses cases specific to Singapore can be especially helpful, specifically along certain dimensions:

- Sectors which are common place such as marine, oil & gas, REITs, property development, F&B etc. As Singapore businesses and issuers tend to be regional, sectors such as palm oil, forestry and agriculture are also relevant when considering choice of uses cases.
 - Peculiar issues such as engaging family-owned or controlled businesses, entrenched mindsets and openness to change.
 - Different asset classes including real estate, infrastructure and private equity.
 - Stewardship activities becoming more robust over time as demonstrated in uses cases – it is better to start small than not start at all. Over time stewardship practices can be more robust with experience and learning-by-doing.
 - Non-examples – there is much to be said with engagement practices that did not achieve the stated outcomes. Often non-examples can provide tremendous learning opportunities. Setting out uses cases of non-examples also highlights that not all engagement effort will bear fruit. And if so, what are the plausible next steps signatories could explore.
- Resources – publicly available resources which are comprehensive can be found on many websites such as the Principles for Responsible Investment. A collation of useful resources would be helpful.
 - Digital badges / logos - potential signatories should be encouraged to adopt SSP 2.0 with digital badges, logos or equivalent as acknowledgement of adoption of SSP 2.0 and which they can also use as a signalling mechanism and/or marketing tool. This applies to existing signatories as well.

6. Do you have any comments on Principles 1-7? Are there further guidance points to consider for Principles 1-7?

[No comment]

7. Are there any other principles that should be included or excluded? Are there other aspects of guidance points to consider?

[No comment]

8. Other comments or suggestions for consideration in the review.

[No comment]