



THE PATH TO ESG: NO TURNING BACK FOR ASSET OWNERS AND MANAGERS THE ESG GLOBAL SURVEY 2021

COUNTRY HIGHLIGHTS: SINGAPORE

01 | ESG TO BECOME INTEGRAL AMONG SINGAPORE INVESTORS

Today, ESG plays a growing role (30%) and is becoming integral (30%) to Singapore investor organisations. Looking ahead, the largest portion of investors (42%) expect ESG to become integral to much of what they do.

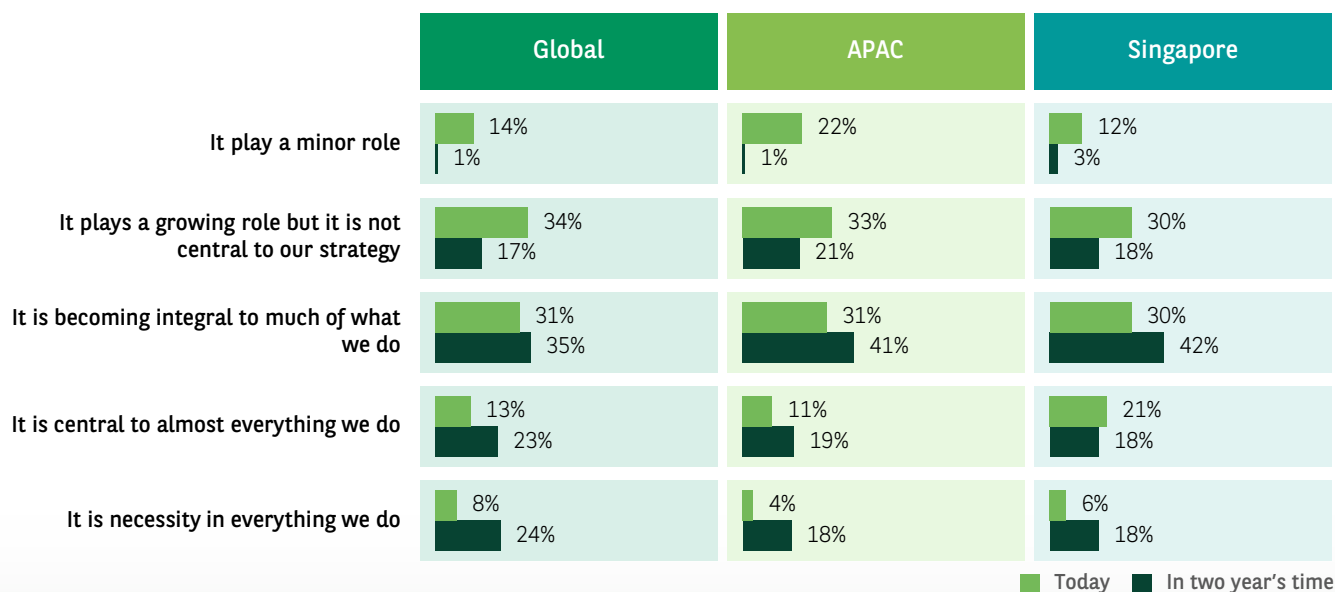
The centrality of ESG is also anticipated to rise. Currently, 21% say ESG is central to almost everything they do and a further 6% find it to be a necessity. These figures will each jump to 18% in two years' time, indicating a deeper embedding of this approach among Singapore institutional investors.

Large institutional investors in the country have been spearheading the need for greater adoption of ESG. For example, in June 2021, the Monetary Authority of Singapore (MAS) handed down five climate-related mandates as part of its Green Investment Programme.

The role of ESG

Q11. Which of the following best describes the role of ESG in your organisation's investment strategy (fund and asset allocation, risk appetite and return expectations) now and in two years' time?

Data may not sum to 100% due to rounding



BNP PARIBAS

The bank
for a changing
world

02 | GREATER FOCUS ON PERFORMANCE PROVIDED BY ESG INVESTMENT

Three quarters of Singapore investors (76%) are driven to incorporate ESG into their investment decisions to protect their brand, reputation and mitigate headline risk. Though this echoes both the Asia Pacific (APAC) and global results, a greater proportion of investors in Singapore say this is important.

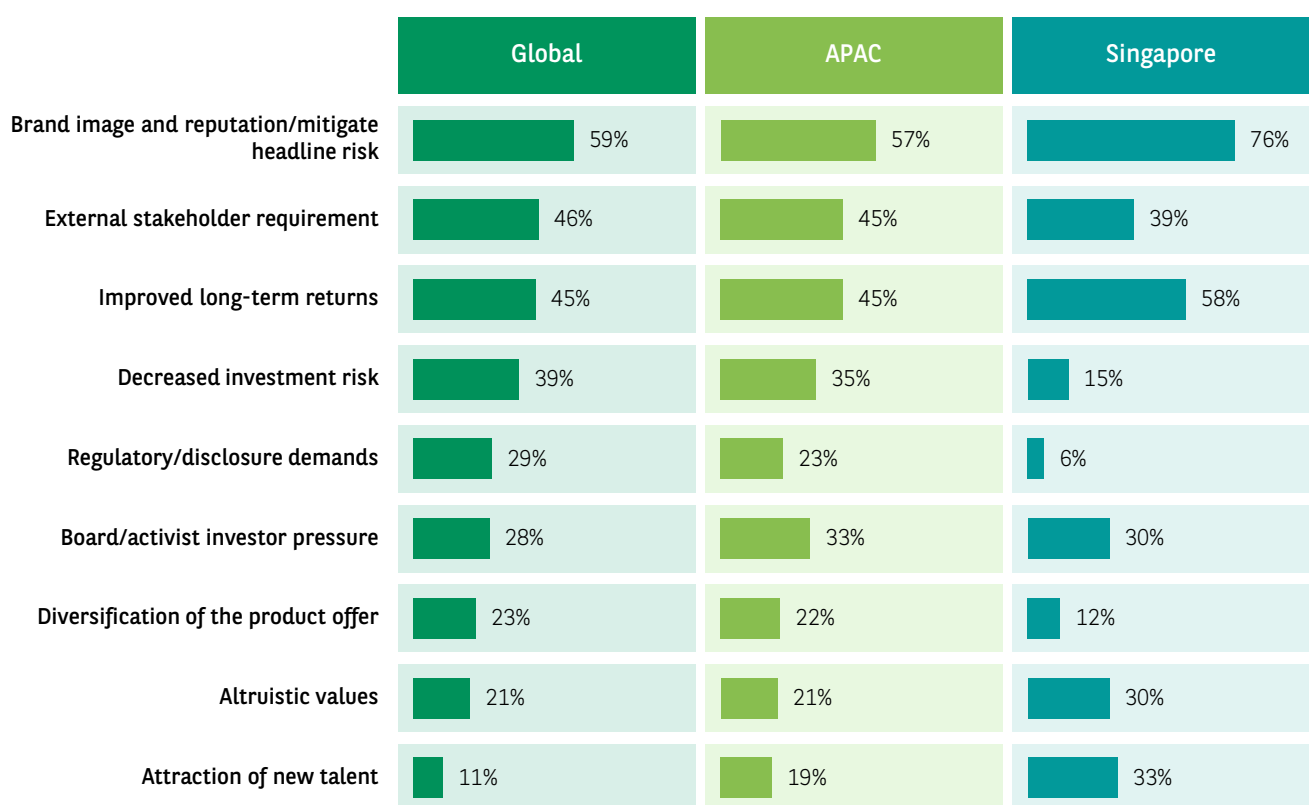
A larger percentage of Singapore investors (58% vs 45% globally, 45% APAC) say they use an ESG approach to access improved long-term returns. The appreciation of the potential performance enhancement ESG can provide indicates investors in Singapore are more well-versed in current ESG trends and research.

Attracting new talent is also a stronger driver to incorporate ESG among Singapore investors with 33% saying this is a key motivator. This compares to 11% globally and 19% across APAC.

Although the Monetary Authority of Singapore, the Singapore regulator, expects banks, insurers and asset managers to make climate-related disclosures from June 2022, regulation is not a key driver for Singapore investors to incorporate ESG into their process. Only 6% classify regulatory or disclosure demands as critical reasons for adopting ESG. This compares to 23% regionally and 29% on a global level.

Reasons for incorporating ESG

Q12. Please rank in terms of importance the reasons why you incorporate ESG into your investment decision-making?



Percentage (%) rank 1 + 2 + 3

03 | STRONG UPTAKE OF ESG IN PRIVATE CAPITAL ASSETS

Though regulation may not be directly driving Singaporean to adopt ESG, the repercussions of new legislation can be gleaned within the asset classes in which these investors are using an ESG approach.

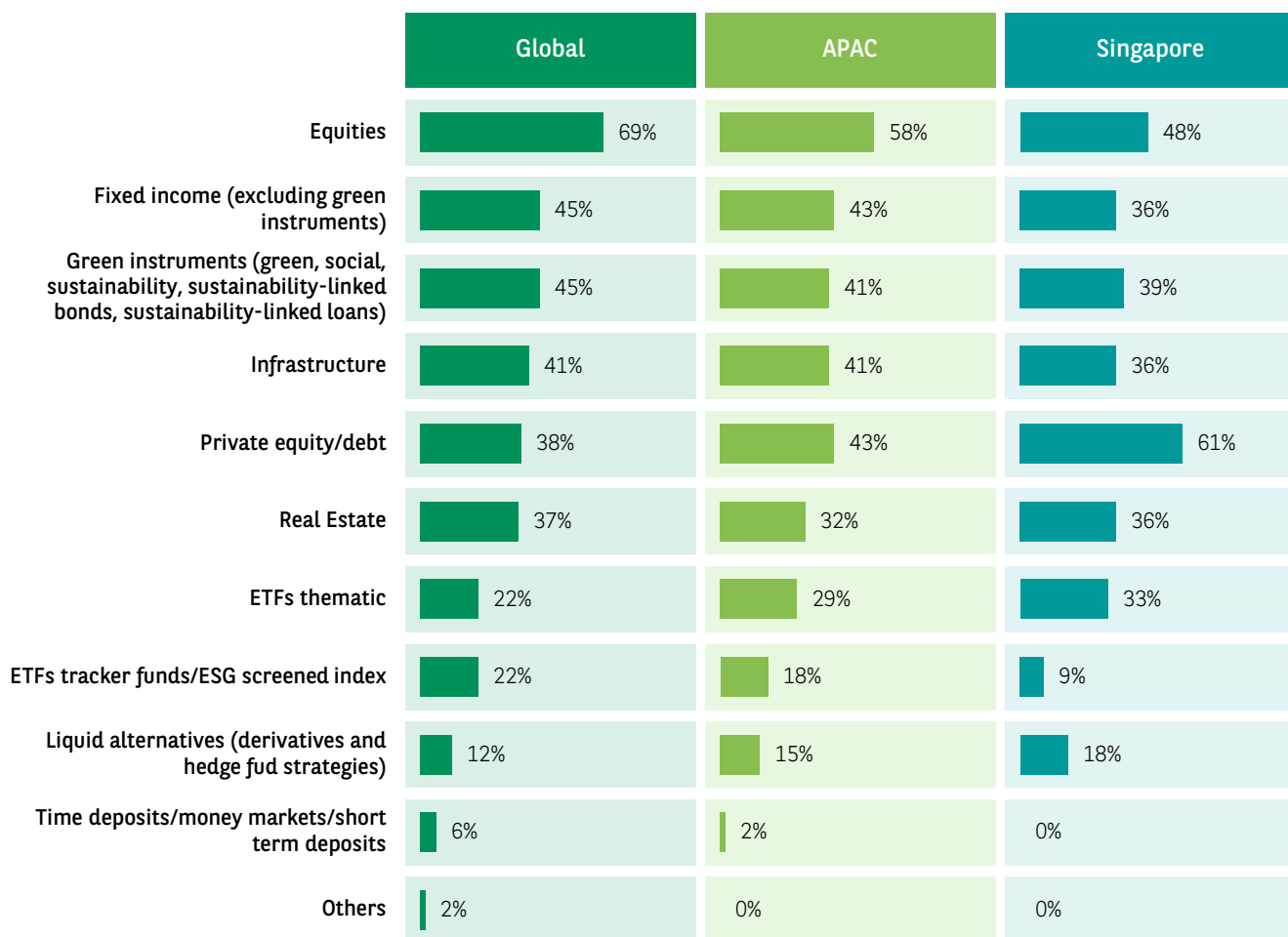
Over six in 10 (61%) investors in Singapore are using ESG within private equity and private debt. This can be considered a reflection of the regulatory efforts to boost the sector through the launch of the Singapore Variable Capital Companies regulation in 2020. This is a larger percentage than the global figure of 38% and the regional statistic of 43%, and also leads the asset class to take the top spot among all asset classes under review.

There is also a higher propensity for investors here to use ESG within thematic ETFs (33% vs 22% globally, 29% APAC) and within liquid alternatives (18% vs 12% globally, 15% APAC).

A smaller portion of investors in Singapore use ESG within equities (48% vs 69% globally, 58% APAC) and ETFs tracker funds are more unpopular here as just 9% use ESG in this area.

Incorporating ESG into different asset classes

Q20. Which of the following asset classes do you use to incorporate ESG?



Percentage (%) Yes, Multiple answers allowed

04 | ABSENCE OF SENIOR LEADERSHIP BACKING INHIBITS ESG ADOPTION

The data suggests there is further development needed within the leadership among Singapore investors. A larger portion of investors here flag the absence of senior leadership backing as a barrier to further adoption of ESG (45% vs 23% globally, 33% APAC).

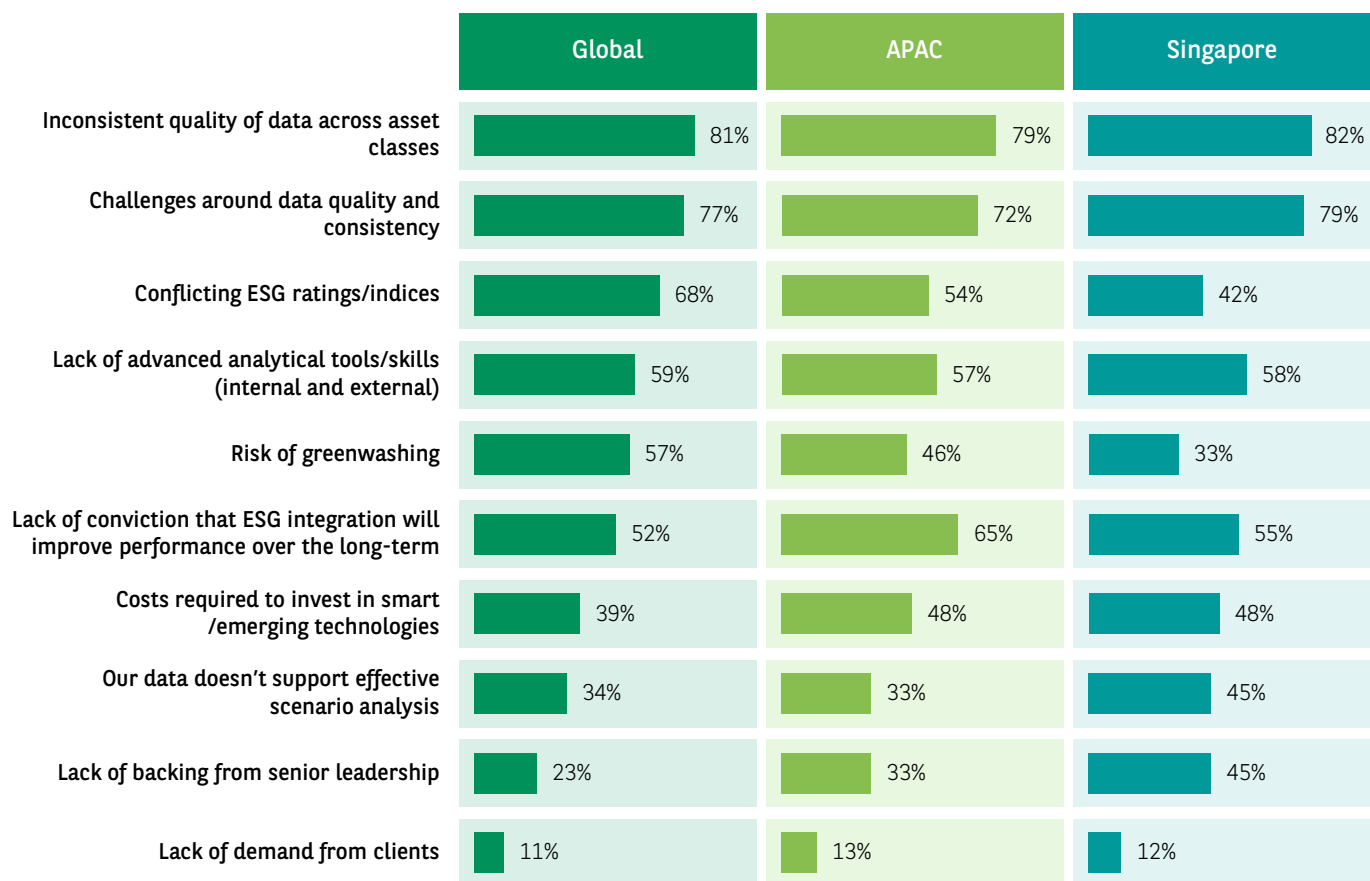
More also say their data doesn't support effective scenario analysis (45% vs 34% globally, 33% APAC). This means investors in Singapore may welcome support in this space.

The risk of greenwashing is considered to be less of an inhibitor as fewer here (33% vs 57% globally, 46% APAC) say this is hindering further ESG adoption. Compared to the global and regional results, investors in Singapore are also less concerned with conflicting ESG ratings or indices (42% vs 68% globally, 54% APAC).

Reflecting the APAC results, investors in Singapore also highlight the cost required to invest in smart or emerging technologies as a barrier to greater ESG adoption. Here 48% say this is keeping them back, which compares to 39% globally.

Significant barriers to greater adoption of ESG

Q24. What are the most significant barriers to greater adoption of ESG across your portfolio today?



Percentage (%) rank 1 + 2 + 3 + 4 + 5

For the full global report, please visit <https://securities.cib.bnpparibas/esg-global-survey-2021/>

FOLLOW US



FIND US

<https://securities.cib.bnpparibas/>



BNP Paribas Securities Services is incorporated in France as a Partnership Limited by Shares and is authorised and supervised by the ECB (European Central Bank), ACPR (Autorité de Contrôle Prudentiel et de Résolution) and the AMF (Autorité des Marchés Financiers).

The information contained within this document ('information') is believed to be reliable but neither BNP Paribas Securities Services nor any of its related entities warrant its completeness or accuracy nor accept any responsibility to the extent that such information is relied upon by any party BNP Paribas Securities Services shall not be liable for any errors, omissions or opinions contained within this document. Opinions and estimates contained herein constitute BNP Paribas Securities Services' or its related entities' judgment at the time of printing and are subject to change without notice. This document is not intended as an offer or solicitation for the purchase or sale of any financial product or service. The information contained in this document does not constitute financial advice, is general in nature and does not take into account your individual objectives, financial situation or needs. You should obtain your own independent professional advice before making any decision in relation to this information. The information contained in this document is not intended for retail investors. Any information contained within this document will not form an agreement between parties.

BNP Paribas Securities Services ARBN 149 440 291 (AFSL No: 402467) has been registered in Australia as a foreign company under the Corporations Act 2001(Cth) and is a foreign ADI within the meaning of s 5(1) of the Banking Act 1959. This document is not intended as an offer or solicitation for the purchase or sale of any financial product or service outside of Australia and is intended for 'wholesale clients' only (as such term is defined in the Corporations Act 2001 (Cth)).

BNP Paribas Securities Services, acting through its Hong Kong Branch, is regulated by the Hong Kong Monetary Authority and is licensed by the SFC to conduct Type 1 (dealing in securities) regulated activity.

BNP Paribas Securities Services, acting through its Singapore Branch, is regulated by the Monetary Authority of Singapore.

The New Zealand securities services business operates through BNP Paribas Fund Services Australasia Pty Ltd. BNP Paribas Fund Services Australasia Pty Ltd is a wholly owned subsidiary of BNP Paribas Securities Services. BNP Paribas Fund Services Australasia Pty Ltd ABN 71 002 655 674 ('BPFSA') is an Australian incorporated company which is registered with the New Zealand Companies Office under registration number 1010736. BPFSA is also registered under the Financial Service Providers (Registration and Dispute Resolution) Act 2008. This document is not intended as an offer or solicitation for the purchase or sale of any financial product or service and is intended for 'wholesale clients' only (as such term is defined in the Financial Markets Conduct Act 2013).

210907C_SSCM_ESGGS_BR_EN



BNP PARIBAS

The bank
for a changing
world