



Q&A with RHTLaw Asia's ESG Team

RHTLaw Asia's newly launched ESG practice aims to equip clients with the right advice and knowledge to navigate ESG considerations and regulatory requirements as well as compete in Singapore's Green Economy. Partners **Azman Jaafar**, **Yang Eu Jin**, **Piyush Gupta**, **Kaylee Kwok** and **Tan Chong Huat** bring their deep expertise across industries to the new practice.

The team shares their insights with us in this Q&A.

Why is there a need to focus on ESG matters in today's economic climate?

“ The fallout of the pandemic has given businesses a chance to reassess almost every aspect of their operations. Consequently, ESG compliance has intensified in the wake of COVID-19 as governments are now committed to a green recovery.

ESG is not just about how a company is doing financially, but also considers how a company is run, how it serves the society, how it impacts the environment and how all of these factors need to be considered cumulatively to determine its overall performance.

Going forward, corporate decisions (especially those relating to M&A and investment related activities) will not be purely based on backward-looking “historical” data, but will require a more forward-looking, dynamic approach focusing on ESG-related risks and opportunities.

– **Piyush Gupta**, Partner (Foreign Lawyer) and Head of RHTLaw Asia's Transportation & Logistics Industry Group





What makes lawyers well-positioned to guide clients in their ESG journey?



Sustainability is not the future of practice but it is about our future on this planet. What makes this challenging for businesses is the ingrained methods of old that tend to choose business efficacy over conservation, the environment, the community and good governance.

In our role as trusted advisors, we are the voice of reason to many who will listen to us. I suppose our role has come a full circle: from being purely transactional, we now have to be that beacon that will guide and counsel our clients on the requirements of tomorrow's corporate citizenry. This will be a long conversation for many; and a long journey that will see businesses transform for the greater good. I see ourselves as part of the solution.

– **Azman Jaafar**, Managing Partner

What is the role of the legal team in promoting and upholding ESG standards?



General counsels, in-house legal advisers and external lawyers (collectively, the "Legal Team") have always played an important role in managing environmental, social and governance ("ESG") issues for organisations. However, as organisations increase their commitment to ESG standards in response to the COVID-19 pandemic, the acceleration of ESG regulations and heightened attention from regulators, consumers and other stakeholders, the Legal Team should no longer be just reacting to ESG issues and challenges, but should proactively become more involved in promoting, upholding and integrating ESG standards and opportunities within and amongst the organisations.

The Legal Team's role is multi-pronged and this includes: setting the strategic direction for sustainability and responsible business; integrating ESG criteria into board and management decision-making and adopting ESG due diligence strategies for corporate transactions such as mergers & acquisitions or financing; ensuring transparency in reporting and disclosure of ESG compliance and, drafting and implementing robust ESG policies and procedures.

– **Kaylee Kwok**, Partner and Co-Head of RHTLaw Asia's Private Wealth (Investments, Estate Planning and Tax Solutions) Industry Group



What are the ESG regulations in Singapore?

“ At present, there is no overarching regulatory framework in Singapore pertaining to ESG. Instead, Singapore has a mix of regulations targeted at specific types of companies and/or industries. For example, all companies listed on the Singapore Exchange are required to prepare a sustainability report on a yearly basis. Listed companies are also subject to the Code of Corporate Governance 2018 setting out the corporate governance principles to be adhered to, which include the need to consider and balance the needs and interests of material stakeholders and to disclose in the companies' annual reports their strategy for managing stakeholder relationships.

As a business-friendly jurisdiction, Singapore leans towards an incentive-based regulatory framework as opposed to a prescriptive approach to regulate ESG matters. For instance, the Monetary Authority of Singapore has recently set out a Green Finance Action Plan to encourage sustainable and green financing in Singapore; part of this plan involves the development of environmental risk management guidelines across banking, insurance and asset management sectors and to expand the ecosystem of external reviewers and rating agencies. The action plan also consists of grant schemes designed to defray costs and increase the availability of green loans and sustainability-linked loans for corporates. The underlying rationale here seems to be to create market incentives for corporates to adopt ESG-compliant behaviour, while at the same time assisting financial institutions to build competencies in relation to ESG practices.

– **Yang Eu Jin**, Partner and Co-Head of RHTLaw Asia's Corporate and Capital Markets Practice and Head of the Education Industry Group

How can organisations make the first step in their green growth journey?



Simply put, the stages in the green journey will likely be 1) to know your carbon footprint, 2) take the necessary steps to decarbonise and 3) work towards net zero carbon emission. The first and most important step in my humble opinion, is to have the board and senior management resolve its commitment to sustainability, as well as to garner the support of its shareholders, employees and stakeholders for such commitment.

Depending on the level and extent of commitment agreed and set by the board and senior management (which should be realistic relative to its resources and with respect to the various milestones and timelines), the same may then be publicised, socialised and institutionalised in its operational, business and financial processes.

Nevertheless, the challenges of economic realities and pressing commercial responses will relentlessly push and test such commitment to its limit. Hence the first step to build and establish the resolve of the board and senior management cannot be underestimated, and its green journey will invariably falter without the support of its shareholders, employees and other stakeholders.

– **Tan Chong Huat**, Senior Partner

About RHTLaw Asia

RHTLaw Asia offers a different perspective on client experience and commercial thinking. As a leading regional law firm headquartered in Singapore, clients can expect intelligent and innovative solutions from a team that is attuned to the nuances of doing business in Asia. With access to our own ASEAN Plus Group, a network of leading firms comprising over 2,000+ lawyers in 14 jurisdictions around Asia, as well as our membership with The Interlex Group, a global network of leading law firms, we help clients understand the local challenges, navigate the regional complexity to deliver the competitive advantage for their businesses in Asia.

We collaborate closely with the RHT Group of Companies to provide an all-rounded integrated business solution. We believe in pushing the boundaries of what can be achieved for our clients in this evolving marketplace.