

**OPENING ADDRESS BY
MR ONG KHIAW HONG, CHIEF EXECUTIVE,
ACCOUNTING AND CORPORATE REGULATORY AUTHORITY (ACRA),
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11 JULY 2023, 9.15AM
THE RITZ CARLTON, MILLENIA, SINGAPORE**

Mr Raymond Lam, Chairman, CSIS,
Council Members of CSIS,
Distinguished Guests,
Ladies and Gentlemen.

Good morning. I would like to thank CSIS for inviting me to join the 8th Corporate Service Providers Conference.

2. Corporate Service Providers, or CSPs, play a key role in the development of Singapore's vibrant and trusted business environment. Over the years, you have provided the essential support to businesses in areas such as corporate governance, regulatory compliance, and administrative functions. In doing so, you have enabled companies to focus on their core activities.

3. Today, I will cover three areas that are important for CSPs. These are sustainability reporting, digitalisation, and regulatory compliance.

Sustainability Reporting

4. I will start with Sustainability Reporting. In recent years, global climate change has caused extreme weather conditions such as heatwaves, drought and flooding that have affected millions of lives and cost billions. According to the World Economic Forum, 10 of the costliest extreme weather disasters in 2022 cost more than US\$3bn each. In Singapore, we are taking bold action to combat climate change and support sustainable development under the Singapore Green Plan 2030.

5. Last year, ACRA and the Singapore Exchange Regulation, or SGX Regco, set up the Sustainability Reporting Advisory Committee, an industry-led committee to advise on a roadmap to advance sustainability reporting in Singapore. Trusted and consistent sustainability reporting is essential to drive accountability and decisive actions by companies. The committee consulted over 90 participants, and launched its recommendations for public consultation last week. The public consultation will take place from 6 July to 30 September 2023. Let me to give you a quick overview of these recommendations.

6. Firstly, all listed companies are to make climate-related disclosures from FY2025; and large non-listed companies with an annual revenue of at least \$1 billion are to make these disclosures from FY2027. Currently, climate reporting is only mandatory for listed companies in five industries whilst other listed companies provide climate reporting on a 'comply-or-explain' basis.

7. Secondly, companies should make climate-related disclosures according to prescribed standards that are aligned with the International Sustainability Standards Board, or ISSB, requirements. They should also engage external assurance on Greenhouse gas emissions, although we will first start with limited assurance.

8. Thirdly, companies should report and file climate-related disclosures at the same time as the reporting and filing of financial statements. Company directors and officers should be held accountable for these reporting requirements.

9. More details on the recommendations will be covered in a presentation later in the conference. I encourage you to provide your feedback on the recommendations.

10. If the recommendations are implemented, Singapore will be amongst the first in Asia to mandate climate reporting for non-listed companies. Over time, more companies will see the competitive edge that sustainable operations can bring, such as customer loyalty, investor attraction, and improved financial performance. In turn, this will draw them to go green, and contribute to Singapore's net zero emissions commitments.

11. What does this mean for CSPs? Sustainability reporting is a new growth area and a huge business opportunity for CSPs. CSPs can support companies in the preparation of sustainability reporting. CSPs can also offer advisory services to develop sustainability strategies that align with a business' objectives and industry best practices. I encourage you to develop your capabilities in sustainability reporting early to capture opportunities both locally and regionally.

Digitalisation

12. The other key area that remains important for CSPs, and for that matter, everyone else, is digitalisation.

13. In the past, having technology capabilities was viewed as a differentiator and a competitive advantage. Today, it is a need-to-have. Digitalisation is disrupting traditional business models in every industry. It has pervaded almost every aspect of businesses, from backroom operations to customer service. Digitalisation has also been a key pillar of the public service. I think you have heard this *ad nauseam*. But, I think it is still worthwhile to cover the point for the laggards in the sector.

14. To remain relevant and resilient in this digital age, CSPs need to relook their operations and business strategies.

15. I'll start with business operations. CSPs who are still handling repetitive, labour-intensive, and time-consuming tasks need to digitalise these tasks for greater productivity, and to better serve clients who have grown in digital maturity. An example of a simple and cost-effective digital solution is Robotic Process Automation, or RPA. The productivity gains from implementing RPA can be huge. For example, laborious tasks such as data entry and extraction, form-filling, and preparation of AGM documents can be automated.

16. ACRA has an RPA Adoption Support Scheme that offers financial support and guidance to small companies to adopt baseline RPA technologies.

17. As organisations digitalise their work processes, some job roles will be replaced by automation. These jobs need to be redesigned, and staff will need to be re-skilled to take on work that add greater value to the business and clients.

18. CSPs that prepare for the future of work by investing in technology, redesigning jobs and training staff will stand a better chance to remain relevant.

19. On a broader level, CSPs will need to re-look their business strategies in the digital environment. The automation of routine tasks will free up resources and management time for CSPs to focus on offering higher-value services to their clients. These include advisory services, strategy

development, and guidance on more complex areas such as sustainability, governance, and regulatory compliance.

Regulatory Compliance

20. Lastly, as in past CSP Conferences, I would like to touch on regulatory compliance. This is critical in keeping Singapore a trusted business environment.

21. CSPs facilitate the set-up of business entities by locals and foreigners in Singapore. You play a critical gatekeeper role against money laundering, terrorism financing and other illicit activities. It is important that you maintain robust measures to counter money laundering and terrorism financing, and ensure that these measures are up-to-date.

22. The Compliance Reviews conducted in FY2022 show that most of you have been compliant in your obligations to counter money laundering and terrorism financing. 78% of CSPs reviewed received a 'compliant rating', representing a small but steady improvement of 4% points over the past two years. We must take steps to raise the percentage of companies with a 'compliant rating' this year and beyond. In ACRA, we will strengthen our supervision over this critical sector to prevent and detect illicit actors and their activities. The CSP Bill that we have spoken about in detail at last year's conference will pave the way for greater emphasis and accountability in the sector. The Bill is expected to be passed in early 2024.

23. For this year, we will pivot our supervision approach to conduct more thematic and targeted compliance reviews to uncover errant CSPs that compromise the reputation of this industry. We will spare no effort in taking errant CSPs to task, a point I made clear at our panel discussion last year.

Over the last two years, we have cancelled the registrations of seven errant Registered Filing Agents and six errant Registered Qualified Individuals.

Their licences were cancelled for reasons such as blatant false filings and sharing Singpass accounts with unauthorised persons to carry out Bizfile transactions. We take a serious view of these wrongful activities. We have published these cases and the names of those involved on our website.

24. We will continue to integrate our data with those of other regulatory agencies, and use advanced technology such as Machine Learning and Artificial Intelligence to better monitor and detect the risks of non-compliance. This will allow us to act swiftly to address these risks.

25. I encourage all CSPs to remain vigilant and ensure that your staff are well-versed in regulatory requirements.

Conclusion

26. To sum up, the global business environment is changing rapidly but these changes offer huge opportunities for business growth. CSPs that develop digital and sustainability reporting capabilities early, offer advisory services in growth areas, and uphold professional standards by adhering to the laws, will reap the benefits that the new opportunities offer.

27. I wish you a fruitful conference.

Thank you.