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KPMG and SID release recommendations for Singapore's Budget 2025 for building value and strengthening global leadership

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Recommends to foster Environmental, Social and Governance (ESG) adoption by Singapore enterprises through national frameworks, grants, and a hub to align with global sustainability standards



KPMG in Singapore and the Singapore Institute of Directors (SID) have unveiled the joint Budget 2025 Proposal, which charts strategic recommendations to position Singapore as a global leader. Titled "Designing Singapore's future together: Ready, refreshed and resilient for tomorrow", the recommendations emphasise on value creation, aiming to strengthen the nation's ability to attract talent, investments, and innovation while leveraging the capital markets to generate a cascading impact across the economy. Unanimously KPMG and SID opine that the transformational changes initiated within the capital markets will enable Singapore enterprises to align with these shifts. This will foster their growth and drive Singapore's collaborative, long-term ambitions.

A key component of this vision is enhancing corporate governance standards to build investor confidence, positioning enterprises as global benchmarks for integrity and transparency. In order to achieve inclusive, sustained growth, the proposal suggests Singapore to foster trust and accountability across the business ecosystem - from large multinationals to small and medium-sized enterprises (SMEs). To further drive this transformation, KOL's also recommend stimulating greater organic innovation through research and development, supported by incentives and green financing.

Ajay Kumar Sanganeria, Partner, Head of Tax, KPMG in Singapore, explains that, "Value creation is a significant challenge for Singapore amid a volatile global economy and growing concerns over digital trust, particularly with generative AI's rapid rise. The government must take the lead in driving transformation by using systemic levers, engaging industry stakeholders and implementing impactful strategies across enterprises to catalyse widespread impact".

In addition, the Budget 2025 Proposal outlines recommendations designed to create a "fast pass" approach for businesses wishing to embark on complex and long journeys in areas of sustainability and technology. A well-structured support system facilitated by the government is meant to accelerate their transformation, enabling companies to adopt innovative solutions

and sustainable practices more effectively, while elevating Singapore's global reputation as a value-creating hub.

The Proposal focuses on these key areas of value creation:

Advancing ESG Priorities – Empowering Singapore enterprises to adopt sustainable practices through national frameworks, targeted grants, and reporting guidance. As part of Singapore's sustainability transition, a dedicated industry hub will provide businesses with critical support, enabling them to align with international ESG standards.

Driving Innovation – Harnessing blended finance and green financing initiatives to support businesses, particularly those in "hard to abate" industries, in their decarbonisation efforts. The grants and incentives help mitigate investment risks, promoting a more diverse range of funding stakeholders and cultivating a robust ecosystem of financing possibilities. Furthermore, carbon tax revenues and government subsidies can stimulate further research and development in sustainable technologies and accelerate the development of commercially viable carbon reduction solutions.

Enhancing Talent Development – Strengthening workforce capabilities through leadership benchmarks and targeted professional growth initiatives, such as micro credentialing. Investing in building global and regional talent ensures Singapore's workforce is prepared for changing challenges and strengthens the country's reputation as a talent hub.

Supporting International Growth – As a global hub, Singapore can strengthen its position by introducing strategies to help businesses succeed internationally. Grants and financing schemes will encourage cross-border partnerships in high-growth areas such as the digital and green economies, fostering regional collaboration, and supporting Singapore companies in diversifying across ASEAN. Using a government-backed transfer pricing advisory programme can help small businesses comply with international standards, reduce compliance risks, and improve operational efficiency.

"Key areas of focus must include accelerating green infrastructure development through diverse green financing instruments, beyond traditional blended finance. Furthermore, a fast-track (or fast-pass) approach is required to support enterprises in their sustainability and technology transitions. This must involve clear standards, ready-made templates, actionable guidance and targeted funding. Partnerships with industry to co-create these tools will be vital. In addition, Tax policies should strategically incentivise R&D and drive organic innovation, ensuring Singapore leads in ESG and technological advancements through sustainable and innovative growth" opines **Ajay Kumar Sanganeria.**

Lee Sze Yeng, Managing Partner, KPMG in Singapore, explains, "To secure a competitive edge in an ever-changing global market, we must develop leaders with foresight and expertise in sustainability and technology as Singapore enters SG60. In addition, structured apprenticeships and meaningful learning exchanges will foster collaboration, mentorship, and practical skill refinement. These engagements – across all leadership tiers – offer emerging leaders invaluable opportunities to broaden their perspectives and master the art of value creation".

Furthermore, key highlights of recommendations in KPMG and SID's 2025 Budget Proposal are as follows.

1. **Ready: Leading with Sustainable Impact Regionally and Into the Future**

Singapore is positioned to lead by example as the global focus on sustainability increases. The nation can strengthen its resilience to climate change and its role as a trusted hub for sustainable business practices and long-term economic growth by establishing robust frameworks and standards.

KPMG and SID recommend:

1. a) Enhance transparency in the allocation of carbon tax revenues to facilitate green initiatives in the industry. A detailed disclosure of the funds' use can enable businesses to align their investments with Singapore's climate agenda.
2. b) Develop a centralised ESG reporting hub to guide businesses in adopting consistent sustainability practices. Through collaboration between government and industry, this hub would assist businesses in aligning themselves with international sustainability standards.
3. c) Deploy incentives for blended finance to accelerate Singapore's green transition. Grants and first-loss guarantees could enhance the funding landscape for large-scale sustainable projects while helping low-income communities mitigate climate risk.
4. d) Launch a decarbonisation assistance facility that provides long-term financial support for businesses in hard-to-abate sectors. Providing grants and competitively priced loans would facilitate the adoption of green energy, energy efficiency, and innovative solutions in challenging industries.
5. **Refreshed: Uplifting Tomorrow's Workforce**

For Singapore to remain a top destination for global talent and leadership, its workforce must be equipped with the skills and capabilities required to drive innovation and meet future challenges.

KPMG and SID recommend:

1. a) Creating a Leadership Competency Index to help organizations evaluate and develop their leadership pipeline would serve as a benchmark to track and enhance essential competencies, creating a talent pool that supports local and regional development.
2. b) Increasing access to SkillsFuture funding and microcredentialing investments. In addition to short-term certifications in high-demand fields like AI, sustainability, and cybersecurity, businesses can sponsor such upskilling programs thanks to tax incentives and grants.
3. c) Mandate regular, robust board evaluations conducted by external facilitators. By adopting rigorous performance reviews companies can enhance governance and transparency across sectors. In order to improve governance and performance, companies should encourage their directors to develop their competencies and adopt an unbiased, objective approach.

Terence Quek, CEO of SID, remarked: “As stewards of the organisation, directors are uniquely positioned to champion the integration of ESG principles into the core of business strategies. By fostering a culture of sustainability and innovation, directors can ensure long-term value creation, driving both responsible growth and competitive advantage. Board leadership is essential in setting the tone and aligning business models with evolving societal expectations, shaping a future where profitability and positive social impact go hand in hand.”

Resilient: Driving Innovation in a Dynamic Global Business Landscape

As the global economy rapidly evolves, Singapore must become a leading innovation hub to help businesses excel on the global stage.

KPMG and SID recommend:

1. a) Businesses can adopt cutting-edge technologies, enhance their digital capabilities, and better navigate the increasingly complex tax landscape by leveraging its open ecosystem and receiving adequate consultation and financial support.
2. b) Increase funding for the development of AI governance and standards and training initiatives to encourage ethical AI deployment. Allocating funds to R&D in AI governance technologies, such as bias detection and transparent decision making, can address technical complexities, while introducing grants can help companies boost the adoption of responsible AI practices through continuous learning opportunities provided to their employees.
3. c) Develop company director capabilities in ESG navigation and innovative strategies. Firms can be incentivised to provide ongoing professional development for their directors, elevating governance excellence and thought leadership across organisations, from startups to established corporations
4. d) Strengthen corporate governance through enhanced tax governance practices. Tax governance can be incorporated as an integral part of corporate governance requirements, especially for companies benefitting from tax incentives or grants.

Neil Parekh, Governing Council Member, SID, stated, “Public capital markets, along with the fast-growing private financing markets, are a very powerful engine for value creation, enabling companies to access the funding needed for innovation, expansion and sustainable growth. Directors play a crucial role in guiding businesses to strategically leverage these markets, ensuring that investments are channelled towards initiatives that not only deliver financial returns but also contribute to long-term value creation for all stakeholders.”

Hithaishi Bhaskar