ACRA
ACCOUNTING AND CORPORATE REGULATORY AUTHORITY

SGXFIRST

SINGAPORE'S SUSTAINABILITY REPORTING ADVISORY COMMITTEE RECOMMENDS MANDATORY CLIMATE REPORTING FOR LISTED AND LARGE NON-LISTED COMPANIES

Singapore, 6 July 2023 – The Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Regulation (SGX RegCo) have launched a public consultation on the recommendations by the Sustainability Reporting Advisory Committee (SRAC) to advance climate reporting in Singapore. The recommendations require Listed Issuers to lead the way and report International Sustainability Standards Board (ISSB)-aligned climate-related disclosures (CRDs) starting from financial year 2025 (FY2025). Large Non-Listed Companies with annual revenue of at least $1 billion will follow suit in FY2027. The public consultation will run from 6 July 2023 to 30 September 2023.

2 The recommendations of SRAC aim to uphold Singapore's attractiveness as a global business hub while contributing to our national agenda on sustainable development under the Singapore Green Plan 2030. Bolder climate action and transparency in reporting can become a key competitive advantage, and present new business growth and opportunities. These recommendations will prepare companies to meet stakeholder expectations including those of their customers and lenders.

3 The SRAC is an industry-led committee set up by ACRA and SGX RegCo to advise on the roadmap for advancing sustainability reporting by companies in Singapore.

4 Currently, only Listed Issuers in five prioritised industries are required to provide full Task Force on Climate-related Financial Disclosures (TCFD)-aligned CRD progressively from FY2023. All other Listed Issuers are required to apply TCFD on a 'comply-or-explain' basis.

5 The SRAC, having consulted over 90 participants, has made the following key recommendations:

a. **Mandatory climate reporting from FY2025 for all Listed Issuers** – Listed Issuers, including those incorporated overseas, business trusts and real estate investment trusts, should report CRDs from FY2025. This will build on their momentum and progress in climate reporting.

b. **Mandatory climate reporting from FY2027 for Large Non-Listed Companies** – Non-listed companies with annual revenue of at least $1 billion should make CRDs from FY2027. A review will be conducted in 2027 with the view to mandate climate reporting on Large Non-Listed Companies with revenue of at least $100 million, by around FY2030. The review will consider factors such as international developments, industry capacity and the implementation experience of Large Non-Listed Companies.

c. **Prescribed standards aligned with the ISSB requirements for climate reporting** – Both Listed Issuers and Large Non-Listed Companies should report CRD using the local prescribed standards that mirror the requirements in the ISSB standards. To allow more time to prepare, these companies could opt to make certain complex CRDs such as Greenhouse gas Scope 3 emissions[1] one/two years after reporting requirements kick in.

d. **External assurance requirements –** Companies subjected to mandatory climate reporting should obtain external assurance on Greenhouse gas Scope 1 and Scope 2 emissions[1] from FY2027 for all listed issuers, and FY2029 for Large Non-Listed Companies. The assurance can be provided by ACRA-registered audit firms and Testing, Inspection, Certification firms accredited by the Singapore Accreditation Council[2].

e. **Reporting and Filing Timelines –** CRDs should have the same reporting and filing timelines as financial statements to facilitate timely communication to shareholders and other stakeholders. Legal responsibilities should also be imposed on the company, its directors, and/or officers to ensure accountability for CRDs.

6 Ms Esther An, Chairperson, SRAC, said, "With more countries pledging for net zero and the rising carbon cost globally, climate strategy and reporting can help companies, listed or non-listed, to mitigate and adapt to risks in the transition to a low carbon economy. What gets measured gets managed. There is a strong business case for climate reporting as it has helped many businesses to improve performance and create stronger competitive advantage by capturing growth opportunities."

7 Ms Kuldip Gill, Assistant Chief Executive, ACRA, said, "Trusted and consistent climate reporting is essential to drive accountability and decisive actions by companies. It will also rally companies towards contributing to Singapore's net zero emissions commitments, expediting our transition to a green economy. I encourage the public to actively participate in this consultation."

8 Mr Michael Tang, Head of the Sustainable Development Office, SGX RegCo, said, "SGX-listed companies have been at the forefront of sustainability reporting. That Large Non-Listed Companies should start climate reporting will complement the progress of listed companies. As a whole, these efforts create a virtuous cycle of lifting standards all round and enabling Singapore corporates to make an outsize contribution towards global sustainability."

Public Consultation Details

9 The public can access the public consultation documents on the REACH consultation portal, ACRA and Singapore Exchange websites. Interested parties can submit their comments through FormSG. SGX RegCo expects to consult on any amendment to the Listing Rules on sustainability reporting by the end of the year. ACRA and SGX RegCo will consider the feedback received from this public consultation before finalising the recommendations by 2024.

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[1] Greenhouse gases:

- Scope 1 emissions are direct emissions from owned or controlled sources.
- Scope 2 emissions are indirect emissions from the generation of purchased energy.
- Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.

[2] In Singapore, the Singapore Accreditation Council (SAC) is the national accreditation body that manages and promotes accreditation schemes and registration programmes.

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About Accounting and Corporate Regulatory Authority (ACRA)

The Accounting and Corporate Regulatory Authority (ACRA) is the regulator of business registration, financial reporting, public accountants, and corporate service providers. We are responsible for developing the accountancy sector and setting the accounting standards for companies, charities, co-operative societies, and societies in Singapore. ACRA fosters a vibrant and trusted business environment that enables innovation and growth and contributes towards making Singapore the best place for business. For more information, please visit: www.acra.gov.sg.

About Singapore Exchange Regulation (SGX RegCo)

Singapore Exchange Regulation (SGX RegCo) is the independent Singapore Exchange subsidiary undertaking all frontline regulatory functions including as securities market regulator. Our activities include the admission and supervision of issuers, intermediaries and Catalist sponsors, the surveillance of trading and issuers' disclosures, and the formulation and improvement of policies and products, guided by market feedback. We also have the Whistleblowing Office to look into allegations of issuers' regulatory shortfalls and the Sustainable Development Office to house ESG-related regulatory efforts. Regulation Asia has named us Exchange of the Year four times in recognition of efforts to uphold the integrity and development of our markets. Find out more at https://www.sgx.com/regulation

About the Sustainability Reporting Advisory Committee (SRAC)

The Sustainability Reporting Advisory Committee (SRAC) was set up by ACRA and SGX RegCo in June 2022, to advise on a sustainability reporting roadmap for Singapore-incorporated companies and to provide inputs on the suitability of international sustainability reporting standards for implementation in Singapore. The committee comprises industry leaders and champions of sustainability.

Appendix – Infographic

Proposed Roadmap to Advance Climate Reporting in Singapore

SRAC's[1] recommendations aim to uphold Singapore's attractiveness as a global business hub while contributing to our national agenda on sustainable development under the Singapore Green Plan 2030.

Benefits of Climate Reporting for Companies

- Manage climate risks
- Potential cost reduction
- Potential increase in revenue
- Employer of choice
- Access to capital & lower cost of capital

Companies required to report using local prescribed standards	Listed issuers to report from FY2025, followed by non-listed companies with annual revenue of at least $1 billion from FY2027. A review to be conducted in 2027, for non-listed companies with annual revenue of $100 million to $1 billion to report around FY2030. A non-listed subsidiary is exempted from reporting if its parent (local or foreign) reports prescribed CRD or equivalent and its activities are included.
Local prescribed reporting standards	Focus on climate reporting for a start. Align with requirements of the ISSB standards, with additional reliefs on complex disclosures such as Greenhouse Gas (GHG) Scope 3 emissions.[2] Allow concurrent use of other standards or frameworks in the same report.
External assurance requirements	Limited assurance on GHG Scope 1 and Scope 2 emissions[2] to be obtained, two years after climate reporting takes effect. ACRA-registered audit firms and SAC[3]-accredited Testing, Inspection and Certification firms can apply to be registered climate auditors.
Reporting and filing requirements	Same statutory timelines for circulation, tabling at annual general meetings and filing as those for financial statements. Same legal requirements as those for financial reporting, except for internal controls (to be encouraged at this juncture).

[1] With support from the Ministry of Finance, Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Regulation (SGX RegCo) set up Sustainability Reporting Advisory Committee (SRAC). SRAC's roles include advising on a roadmap for wider implementation of sustainability reporting in Singapore.

[2] Greenhouse gases are categorised as follows:

- Scope 1 emissions are direct GHG emissions that occur from sources that are owned or controlled by an entity;
- Scope 2 emissions are indirect GHG emissions that occur from the generation of purchased electricity, heat or steam consumed by an entity; and
- Scope 3 emissions are indirect emissions outside of Scope 2 emissions that occur in the value chain of the reporting entity, including both upstream and downstream emissions.

[3] As the national accreditation body, Singapore Accreditation Council (SAC) maintains the integrity and impartiality of conformity assessment practices. SAC builds global trust in Singapore's products and services by strengthening Singapore's technical infrastructure for conformity assessments.