Consultation Paper

Sustainability Reporting: Comply or Explain

5 January 2016

Singapore Exchange

Responding to this Consultation Paper

On behalf of Singapore Exchange Securities Trading Limited ("**SGX-ST**"), Singapore Exchange Limited ("**SGX**") invites comments on this consultation paper.

Please send your responses through any of the following means:

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Responses should include a summary of the major points, a statement of interest and reasoned explanations. Please identify the specific policy or rule proposal on which a comment is made. Please also include your full name and, where relevant, the organisation you are representing, as well as your email address or contact number so that we may contact you for clarification. Anonymous responses may be disregarded.

SGX may make public all or part of any written submission, and may disclose your identity. You may request confidential treatment for any part of the submission which is proprietary, confidential or commercially sensitive, by clearly marking such information. You may request not to be specifically identified.

Any policy or rule amendment may be subject to regulatory concurrence. For this purpose, you should note that notwithstanding any confidentiality request, we may share your response with the relevant regulator.

By sending a response, you are deemed to have consented to the collection, use and disclosure of personal data that is provided to us for the purpose of this consultation paper or other policy or rule proposals.

SGX requests all comments by **5 February 2016**.

Contents

I Introduction 1

1 Background 1

2 SGX Response 1

3 Benefits to Investors 2

4 Benefits to Listed Issuers 2

II Proposed Features of Sustainability Reporting 3

1 Amendments to Listing Rules 3

2 'Comply or Explain' 3

3 Frequency of Sustainability Reporting 4

4 Primary Components 4

5 Stakeholder Engagement 5

6 Materiality 6

7 Anti-Corruption and Diversity 6

8 Responsibility of the Board 7

9 Independent Assurance 7

10 Phased Approach 8

Appendix 1 Proposed Amendments to Mainboard Rules 10

Appendix 2 Proposed Amendments to Catalist Rules 22

I Introduction

1 Background

1.1 Since the publication of the voluntary SGX "Guide to Sustainability Reporting for Listed Companies" in 2011 (the "**2011 Guide**"), interest in sustainability information has grown across geographies, financial markets and investor types. In the environmental space, the march of global warming and rising resource prices turned attention to businesses whose extensive footprint has the potential to accelerate deterioration of the environment or to do the greatest good in advancing sustainability. Sustainability is best characterized by the description of the Brundtland Report[1], which is to satisfy current needs without impairing the ability of future generations to meet their own needs.

1.2 In the social space, the implications of environmental change on societies and unintended consequences of economic development on individuals and social groups have received heightened attention. Businesses increasingly have to consider the environmental and social impact throughout their value chain to satisfy investor demand for information and transparency.

1.3 Customers, financiers, regulators and other stakeholders of businesses have also expressed interest in having more information on the way companies conduct their business in relation to economic, environmental and social aspects. They wish to satisfy themselves that companies' use of resources and the governance of such use meet the standards expected by the stakeholders themselves. They seek assurance that investments do not unwittingly result in externalised costs.

1.4 Reflecting the global interest in sustainability, the United Nations in September 2015 has established sustainable development goals out to 2030. In December 2015, the UN Climate Change Conference agreed to set a goal of limiting global warming to well below 2 degrees Celsius above pre-industrial levels. As pledges from individual countries are fulfilled in subsequent years companies will inevitably be involved. Data is already being collected in most countries and are likely to be tracked to progress achievement of committed goals.

1.5 The momentum for sustainability reporting is also building up around the world. In 2014, the European Union passed a directive on non-financial and diversity information which will be transposed into national regulation by the end of 2016. In the US, the Sustainability Accounting Standards Board is developing sustainability reporting standards for a considerable number of industries, 80 of them in 10 sectors in 2016. In Japan, increased adoption of their stewardship code will encourage interaction between companies and fund owners and managers. Nearer to Singapore, Hong Kong is adopting after public consultation, a revised sustainability reporting guide on 'comply or explain' basis, while neighbouring markets are advancing sustainability reporting as well.

2 SGX Response

2.1 Recognising the international advance in sustainability reporting and the many benefits sustainability reporting brings to both investors and listed issuers, SGX will progress sustainability reporting for primary-listed issuers from a voluntary to a 'comply or explain' basis. Listed issuers have had the opportunity to become acquainted with the Guide over the past four years and opportunity to consider the appropriate application of the principles in the Guide to their firm. A good number of issuers have produced reports, some in depth and of quality, winning acclaim

[1] Our Common Future, Report of the Brundtland Commission, 1987, Oxford University Press

internationally. Others have begun on their sustainability reporting journey, whilst the majority have not yet published sustainability reports to the investing public.

2.2 In October 2014 SGX announced that it was time for sustainability reporting to be elevated from a voluntary to a 'comply or explain' basis for listed issuers. An interactive approach was taken to extensively engage both listed issuers as well as investors before writing rules and guidelines, in order that requirements be relevant and not unduly burden compliance. Accordingly, a survey of all SGX listed issuers in May 2015 gathered inputs for a better understanding of issuer practices and readiness for improvement. This was followed by focus groups with representative industry groupings. A survey of investor needs and expectations followed in July (the "**SGX Investor Survey**"), receiving responses both domestic and international. More recently in October 2015, awareness sessions reached out to issuers who did not respond to the earlier survey.

2.3 It is timely for issuers to face the issue of sustainability and consider whether and how it can usefully enhance business through reporting and better management of sustainability risks and opportunities. The surveys conducted by SGX, interaction with issuers who do sustainability reporting and research of authoritative studies, reveal the benefits given below.

3 Benefits to Investors

3.1 Sustainability reporting complements financial statements of assets and income, to give the investor the opportunity to make a more comprehensive assessment of the issuer's prospects and quality of management.

3.2 Statements of assets provide a snapshot, and statements of income over the past year are historical. But sustainability reporting, which deals with how the issuer views and handles perceived material risks and opportunities with targets and performance in qualitative and quantitative terms, is helpful for investors' assessment of the quality of management and future prospects. Discussions of what are multiyear issues have a bearing on the future which investors are keenly interested in.

3.3 More than 90% of the respondents to the SGX Investor Survey said they consider sustainability (environmental, social and governance) factors ("**ESG factors**") in their investment. More than half the investors focused on other benefits from ESG information, in addition to the assurance of long term value of the investee company. These are likely to be insights into risk management of the company, and assessment of whether non-financial investment objectives are consistent with the asset owners' own convictions. Qualitative information adds another dimension to the overall assessment of investee companies.

4 Benefits to Listed Issuers

4.1 Most importantly, the issuer builds enterprise value both externally through communication with investors and other stakeholders as well as internally within its operations.

(a) Externally through satisfying investors that the issuer is well managed with interests aligned with those of investors, sustainability reporting builds understanding through the business cycle and over time, investor confidence and trust.

(b) Studies over the long term show that issuers with good sustainability reporting also consistently outperform in financial terms.

(c) Studies also show lower cost of equity funding for issuers with good sustainability reporting. This is consistent with a better understanding of the issuer's situation and management quality.

(d) The issuer strengthens stakeholder relationships, such as for employees: attracting talent, improving morale and reducing employee turnover. It may strengthen its legitimacy to operate in local communities.

(e) Internally, issuers, both large and small, already manage major risks and have processes to address them. They may not yet have articulated the risks and processes in sustainability terms. Doing so affords the opportunity to focus staff attention on common priorities.

(f) Increased efficiency results and innovation is encouraged.

4.2 Sustainability reporting requires just a disclosure of practices already being undertaken by issuers, large and small, that manage their risks and opportunities as part of good business practice.

4.3 Moreover sustainability reporting is a business imperative, answering investor demand for information that will enable more comprehensive assessment of the issuer and having potential to widen investor reach and develop investor confidence. The same information offers opportunity to develop other stakeholder interest, for example employees, customers, communities and suppliers. Given the internal advantages of focus, efficiency and potential innovation, we should encourage all issuers large and small to embrace sustainability reporting without delay.

4.4 Catalist issuers have the assistance of a continuing sponsor to advise on governance and compliance as well as the appointment of professionals. This should stand them in good stead to meet sustainability reporting requirements, given lead time and the latitude to 'comply or explain'.

4.5 Issuers have gained an awareness of sustainability reporting through the voluntary 2011 Guide for the past 4 years. SGX plans to conduct awareness and capability building sessions in co-operation with Global Compact Network Singapore through 2016 in preparation for sustainability reporting for financial year ending on 31 December 2017 and publication of report from 2018. In addition SGX will facilitate industry work groups among listed issuers as needed.

II Proposed Features of Sustainability Reporting

1 Amendments to Listing Rules

1.1 It is proposed that sustainability reporting be implemented through amendments to the SGX-ST Listing Rules (Mainboard) ("**Mainboard Rules**") and the SGX-ST Listing Rules (Catalist) ("**Catalist Rules**" and together with the Mainboard Rules, the "**Listing Rules**").

1.2 To provide practical guidance, SGX is also proposing to update the 2011 Guide (the updated guide, the "**Guide**"), which will be implemented as a Practice Note to the Listing Rules.

2 'Comply or Explain'

2.1 SGX proposes to require annual sustainability reporting from primary-listed issuers on both Mainboard and Catalist on a 'comply or explain' basis, for all the reasons and purposes set out in Part I of this consultation paper. Issuers may choose to issue standalone sustainability reports, or alternatively incorporate sustainability disclosure in their annual reports. Sustainability reports should be made available on SGXNet and on the issuers' websites.

2.2 In publishing its sustainability report, the issuer should include certain primary components (set

out in paragraph 4 below). In the event that the issuer does not include any primary component in its sustainability report, the issuer must state its particular item of non-compliance and describe clearly what it does instead and the reasons for doing so. A mere statement that the primary component is not relevant to the issuer is insufficient.

2.3 By using 'comply or explain' individual issuers have enough breadth to tailor their descriptions precisely to their own circumstances rather than fit their reporting to what is externally determined as appropriate. It is likely that issuers in the same industry and business sector will display a considerable degree of overlap with their competitors, but their material factors need not be identical. Nor is it certain that targets and key performance indicators will be similar.

2.4 Not only does the 'comply or explain' approach provide latitude for the reporting issuer to put its best case to investors and other stakeholders, it also produces individuality from issuer to issuer that allows investors to discern differences and make assessments. The market will be richer for the variety and individuality.

2.5 The proposed Listing Rules to implement sustainability reporting on a 'comply or explain' basis (Mainboard Rules, Rule 711B(2), Catalist Rules, Rule 711B(2)) are set out in Appendix 1 and Appendix 2.

Question 1: 'Comply or explain' basis

Do you support sustainability reporting in the form set out in this consultation paper on a 'comply or explain' basis, giving listed issuers the opportunity to explain their individual practices and reasons for deviating from specified requirements?

3 Frequency of Sustainability Reporting

3.1 It is proposed that the sustainability report be issued on an annual basis, within 5 months of the end of the issuer's financial year. Currently, issuers have 4 months after the end of their financial year to issue their annual report and hold their annual general meeting. A 5-month period is proposed to give issuers more time to prepare their sustainability reports.

3.2 The proposed Listing Rules (Mainboard Rules, Rule 711A, Catalist Rules, Rule 711A) are set out in Appendix 1 and Appendix 2.

Question 2: Frequency of sustainability reporting

Do you agree that the sustainability report should be issued on an annual basis, within 5 months of the end of the issuer's financial year?

4 Primary Components

4.1 SGX proposes that the sustainability report should contain the following primary components:

(a) **Material ESG factors**. The sustainability report should identify the material ESG factors and describe both the reasons for and the process of selection, taking into consideration their relevance to the business, strategy, business model and key stakeholders. The Board should approve the material ESG factors.

(b) **Policies, practices and performance**. The sustainability report should set out the issuer's policies, practices and performance in relation to the material ESG factors identified,

providing descriptive and quantitative information on each of the identified material ESG factors for the reporting period. Performance should be described in the context of previously disclosed targets.

(c) **Targets**. The sustainability report should set out the issuer's targets for the forthcoming year in relation to each material ESG factor identified.

(d) **Sustainability reporting framework**. The issuer should select a sustainability reporting framework to guide its reporting and disclosure. The sustainability reporting framework selected should be appropriate for and suited to its industry and business model. The issuer should explain its reasons for choosing the sustainability reporting framework.

(e) **Board statement**. The sustainability report should contain a statement of the Board, stating that the sustainability report complies with these primary components, or has otherwise described and explained the issuer's alternative practices.

4.2 The proposed Listing Rules (Mainboard Rules, Rule 711B(1), Catalist Rules, Rule 711B(1)) are set out in Appendix 1 and Appendix 2.

4.3 The primary components will be further elaborated upon in the Guide (Guide, paragraph 4), as set out in Appendix 1 and Appendix 2.

Question 3: Primary components

Do you agree that the 5 items listed above should be required in the sustainability report? You may suggest additional items, giving reasons for your suggestions.

5 Stakeholder Engagement

5.1 The issuer's responsibility on disclosure, including annual reports and sustainability reports, is first and foremost to current and potential shareholders, i.e. the investing public. In addition, sustainability reporting envisages the use of the sustainability report by other stakeholders and reporting that caters to their needs. Shareholders would also be interested in disclosures of ESG factors that are relevant to creating value or important to other stakeholders, and expect to see them in their reports.

5.2 Therefore, to ensure an accurate appreciation of business success levers, issuers are expected to verify their selection of material ESG factors with their significant stakeholders. Issuers already engage customers, suppliers and other stakeholders over operational or strategic matters as part of business communication. They need only consciously include material ESG factors. Other methods of obtaining an external view can be peer and media reviews.

5.3 Guidance on verification of material ESG factors with stakeholders is provided in the Guide (Guide, paragraph 4.11), as set out in Appendix 1 and Appendix 2.

Question 4: Stakeholder engagement

Do you agree that stakeholders should be engaged in determining the material ESG factors? Should this verification process be considered essential and therefore included as a primary component of sustainability reporting?

6 Materiality

6.1 Issuers are to identify the material ESG factors and report on just these material ESG factors. The working guideline by which an ESG factor is considered material in sustainability reporting is that it relates to the most important environmental, social and governance risks and opportunities that will act as barriers or enablers to achieving business goals in the short, medium and long term. The omission or misstatement of these risks could influence the decisions of investors.

6.2 Guidance on materiality is provided in the Guide (Guide, paragraphs 4.7 to 4.11), as set out in Appendix 1 and Appendix 2.

Question 5: Materiality

Do you agree with this working guideline of materiality? If there are aspects which are inappropriate, please identify, explain and suggest a better alternative.

7 Anti-Corruption and Diversity

7.1 Anti-corruption is an important matter globally. Specific legislation has been passed in many countries against corruption. The United Nations Global Compact, the world's largest corporate sustainability institution, promulgates 10 principles for sustainability of which one is against corruption. The Singapore capital market has always stood for outstanding corporate governance which leaves no room for corruption. Most importantly, investors who responded to the SGX Investor Survey listed anti-corruption as one of the top factors on which they wanted information.

7.2 Similarly for diversity. The issue has become increasingly important globally, with gender, skill and experience widely tracked as indicators of business-relevant diversity. The breadth of inputs and perspectives for decision-making, risk alertness and responsiveness to change are greatly enhanced by diversity. Issuers may need to reassure investors and other stakeholders of this aspect of business sustainability, even if numerical criteria exclude diversity from being material to the business or business model. In their sustainability reporting, issuers should pay particular attention to diversity of the board as the highest decision making body, in addition to the management and staff of the issuer.

7.3 The Guide further elaborates on these factors (Guide, paragraphs 4.4 and 4.5), as set out in Appendix 1 and Appendix 2.

Question 6: Anti-corruption and diversity

Should anti-corruption and diversity be considered essential and therefore included as part of the primary components of sustainability reporting?

8 Responsibility of the Board

8.1 The Board being collectively responsible for the long term success of the issuer, its role would include considering sustainability issues as part of its strategic formulation. It would also take into account stakeholder perceptions as an important ingredient for business success. Consistent with its role, the Guide places responsibility on the Board for the following:

(a) The Board must approve the ESG factors material to the business on which the issuer will report (Guide, paragraph 4.1(i)).

(b) The Board must approve the annual sustainability report of the issuer (Guide, paragraph 3.1).

(c) The Board must make a statement that the issuer's sustainability report complies with the primary components (see paragraph 4 above), or has otherwise described what it does instead and the reasons for doing so (Guide, paragraph 4.1(v)).

(d) Recognising the role played by the Board, should there be any question raised regarding the issuer's sustainability reporting, it will be referred to the issuer and the Board must address it (Guide, paragraph 3.1).

8.2 The Guide is set out in Appendix 1 and Appendix 2.

Question 7: Responsibility of the Board

Do you agree with the specific roles and responsibilities assigned to the Board with regard to sustainability reporting?

9 Independent Assurance

9.1 Assurance of the sustainability report by an independent qualified party is not mandated by the Guide. Given the benefits that assurance conveys in increasing confidence in the contents of the report, it is expected that issuers who are mature sustainability reporters after several years of reporting, will want to progress to independent assurance. Issuers beginning their sustainability reporting journey may also wish to derive the same benefits from independent assurance, but could justifiably wait till their sustainability processes are more developed before undertaking assurance. Issuers new to the reporting journey may wish to start with internal assurance before progressing to external assurance. They should also consider whether it would be worthwhile to undertake independent external assurance on selected important aspects of their report even in the first year, expanding coverage in succeeding years.

9.2 The Guide provides further guidance (Guide, paragraph 3.7), as set out in Appendix 1 and Appendix 2.

Question 8: Independent assurance

Do you agree that assurance should be voluntary? If you disagree, please give reasons.

10 Phased Approach

10.1 The Guide allows for a phased approach in issuers' adoption of sustainability reporting. While all issuers will begin sustainability reporting for any financial year ending on or after 31 December 2017, the Guide recognises that individual issuers may have different capacity for the speed and resources with which sustainability reporting can be implemented, and also that some issuers have already implemented sustainability reporting. Issuers should adopt all the primary components in year 1 and improve the quality of factor identification and information and description according to a self-determined and disclosed schedule.

10.2 An illustration of how an issuer might consider a phased approach is as follows.

		Adoption		
		Year 1	Year 2	Year 3
Primary Components	Material ESG Factors	Addressed most critical factors (identified 4)	Reviewed factor assessment and added 3 more factors	Reviewed factor assessment and remained at 7 factors
	Policies, Practices and Performance	Minimal description of how issuer manages material factors No previous targets for comparison of performance One metric per factor Plans for improved reporting in future	Description includes specific policies, practices per material factor More quantitative metrics and qualitative description per factor Comparison against previously disclosed qualitative commitments and targets with explanation of overachievement and shortfall	Description includes specific policies, practices per material factor Qualitative and quantitative description per factor Comparison against previously disclosed targets and commitments with explanation of overachievement and shortfall
	Targets	Qualitative commitments if no quantitative targets	Short and long term qualitative targets and some quantitative targets	Short and long term qualitative and quantitative targets Include peer/sector benchmarks Targets linked to management performance incentives
	Sustainability Reporting Framework	In line with GRI core, as relevant international framework	Follow GRI core for all relevant areas	In line with GRI comprehensive, as relevant international framework

	Board Statement	Complied	Complied	Complied

10.3 The Guide provides information on the phased implementation approach (Guide, paragraph 7), as set out in Appendix 1 and Appendix 2.

10.4 To ensure continued relevance and effectiveness of the Guide for users and issuers, SGX targets to conduct, in subsequent years, a post-implementation thematic review of the manner of adoption of sustainability reporting by the market, including the level of compliance.

Question 9: Phased approach

Do you agree that sustainability reporting should be implemented by way of a phased approach?

Appendix 1 Proposed Amendments to Mainboard Rules

Legend: Deletions are struck-through and insertions are underlined.

Chapter 7 Continuing Obligations

Part III Equity Securities — Periodic Reports

Sustainability Report

711A

An issuer must issue a sustainability report for its financial year, no later than 5 months after the end of the financial year.

711B

(1) The sustainability report must describe the sustainability practices with specific reference to the following primary components:

(a) material environmental, social and governance factors;

(b) policies, practices and performance;

(c) targets;

(d) sustainability reporting framework; and

(e) Board statement.

(2) If the issuer excludes any primary component, it must disclose such exclusion and describe what it does instead, with reasons for doing so.

Chapter 12 Circulars and Annual Reports

Part III Annual Reports

1207

The annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following:—

Mineral, Oil and Gas Activities

(21) In the case of mineral, oil and gas companies:

(a) a qualified person's report, dated no earlier than the end of the issuer's financial year, in accordance with the requirements as set out in paragraph 5 of Practice Note 6.3;

(b) details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities for the year. If there has been no exploration, development and/or production activity respectively, that fact must be stated; and

(c) a summary of reserves and resources as at the end of the issuer's financial year as set out in Appendix 7.5 supported by a qualified person's report.~~; and~~

~~(d) policies and practices in relation to operating in a sustainable manner, including the information as required in paragraph 3.1(f) of Practice Note 6.3.~~

Practice Note 7.6 Sustainability Reporting Guide *(all new)*

Details	**Cross References**
Issue date: [●]	Listing Rule 711A
Effective date: [●]	Listing Rule 711B

1. Introduction

1.1 Listing Rule 711A requires every listed issuer to prepare an annual sustainability report, which must describe the issuer's sustainability practices with specific reference to certain primary components set out in Listing Rule 711B. This Practice Note contains the Sustainability Reporting Guide (the "**Guide**"), which provides guidance on the expected structure and contents and the preparation of the sustainability report.

1.2 Disclosure in sustainability reporting is separate from and does not affect the obligation of the issuer to make disclosure that would have a material effect on the price or value of its securities or to avoid the establishment of a false market pursuant to Listing Rule 703.

1.3 A glossary of the common terms is set out in paragraph 8.

2. Policy Statement on Sustainability Reporting

2.1 Issuers make regular financial reports to their investors that enable assessment of the likelihood of repayment (in the case of debt securities) and the returns on investment (in the case of equity securities). Increasingly, investors are demanding that the repayment and returns be achieved in a responsible and sustainable manner.

2.2 Reflecting these expectations, financial reports increasingly need to be supplemented by descriptive and quantitative information on how business is conducted and the sustainability of the current business into the future.

2.3 SGX believes that the addition of sustainability reporting to financial reporting provides a more comprehensive picture of the issuer: statements of financial position and comprehensive income provide a snapshot of the present and an account of the past year, while sustainability reports of environmental, social and governance factors ("**ESG factors**") show the risks and opportunities within sight, managed for future returns. Taken together, the combined financial and sustainability reports enable a better assessment of the issuer's financial prospects and quality of management.

2.4 To achieve the additional transparency which encourages efficiency and innovation, SGX-ST requires its listed issuers to publish an annual sustainability report on a comply-or-explain basis, in accordance with the Listing Rules. This Guide provides guidance for compliance with the requirements under the Listing Rules.

3. Principles

Board responsibility

3.1 Under the Singapore Code of Corporate Governance 2012, the Board is collectively responsible for the long term success of the issuer. It provides strategic direction and specifically considers sustainability issues as part of its strategic formulation. Consistent with its role, the Board should approve the ESG factors identified as material to the business and see to it that they are monitored and managed. Senior management can lead the process, demonstrating commitment to quality reporting and accountability for the process and output. Close interaction with the Board will enable the Board to satisfy itself on the way governance is structured and functioning through the various levels of management. Ultimately, the Board approves and has responsibility for the issuer's sustainability report. If any question is raised regarding the issuer's sustainability reporting, the Board must address it.

'Comply or explain'

3.2 In preparing its sustainability report, the issuer should include the primary components as set out in paragraph 4.1 of this Guide. The remainder of this Guide provides guidance on sustainability reporting. In the event that the issuer does not include a primary component in its sustainability report, the issuer must state its particular item of non-compliance and explain clearly what it does instead and the reasons for doing so.

Report risks as well as opportunities

3.3 In identifying material ESG factors, the issuer should consider not just risks but also opportunities. In addition, it is conceptually sound, and validated by experience, that risks well-managed represent strengths which can be applied to fulfill opportunities. The risks and opportunities within sight have direct bearing on strategies and operations and should be reported for clearer understanding of the issuer's performance, prospects and management quality.

Performance measurement system

3.4 An effective policy and operational response to sustainability risks and opportunities requires performance measurement and its linkage to performance incentives. Having a good performance measurement system allows the issuer to benchmark performance against stated objectives and facilitates comparison over time and across entities. Clearly linking risks and opportunities with strategy, operational indicators, performance measures and performance incentives not only enhances understanding but provides an engine for improvement, innovation and accountability.

Balanced reporting

3.5 In reporting on sustainability, care should be taken to give an accurate and balanced view. There may be a tendency to give more prominence to what is favourable and understate what is negative. Both situations require comprehensive explanations. In describing performance, factors beyond the issuer's control are as relevant to exceeding the target as to a performance shortfall. The issuer's response plans are also important and should be included as they reflect its quality of management.

Global standards and comparability

3.6 The issuer needs to give priority to using globally recognized frameworks and disclosure practices to guide its reporting. The increasingly borderless markets for funds as well as for goods and services mean that corporate reporting standards tend to gravitate toward global best practice. Added to this is the international character of SGX-ST both in terms of listed issuers as well as

investors. The individual issuer should take care that its disclosure efforts not be considered inadequate by stakeholders.

Stakeholder engagement

3.7 The issuer's responsibility on disclosure, including annual reports and sustainability reports, is first and foremost to current and potential shareholders, i.e. the investing public. In addition, sustainability reporting envisages the use of the sustainability report by other stakeholders and reporting that caters to their needs. Shareholders would also be interested in disclosures of ESG factors that are relevant to creating value or important to other stakeholders, and expect to see them in the reports.

Independent assurance

3.8 Independent assurance increases stakeholder confidence in the accuracy and completeness of the sustainability information disclosed. Issuers whose sustainability reporting has already matured after several annual exercises, would want to undertake external assurance by independent professional bodies to add credibility to the information disclosed and analysis undertaken. Issuers new to sustainability reporting may wish to start with internal assurance before progressing to external assurance for its benefits. They should also consider whether it would be worthwhile to undertake independent external assurance on selected important aspects of their report even in the first year, expanding coverage in succeeding years.

4. Contents of Sustainability Reporting

Primary components

4.1 The sustainability report should comprise the following primary components:

(i) **Material ESG factors**. The sustainability report should identify the material ESG factors, and describe both the reasons for and the process of selection, taking into considering their relevance to the business, strategy, business model and key stakeholders. The Board should approve the material ESG factors.

(ii) **Policies, practices and performance**. The sustainability report should set out the issuer's policies, practices and performance in relation to the material ESG factors identified, providing descriptive and quantitative information on each of the identified material ESG factors for the reporting period. Performance should be described in the context of previously disclosed targets.

(iii) **Targets**. The sustainability report should set out the issuer's targets for the forthcoming year in relation to each material ESG factor identified.

(iv) **Sustainability reporting framework**. The issuer should select a sustainability reporting framework to guide its reporting and disclosure. The sustainability reporting framework selected should be appropriate for and suited to its industry and business model. The issuer should explain its reasons for choosing the sustainability reporting framework.

(v) **Board statement**. The sustainability report should contain a statement of the Board, stating that the sustainability report complies with these primary components, or has otherwise described and explained clearly what it does instead and the reasons for doing so.

Identification of material ESG factors

4.2 The issuer should review its business in the context of the value chain and determine what ESG factors in relation to its interaction with its physical environment and social community and its governance, are material for the continuity of its business. The issuer is expected to report the criteria and process by which it has made its selection with reference to how these factors contribute to the creation of value for the issuer.

4.3 In broad terms, environmental factors would include materials, energy, water, emissions, effluents and waste as well as environmental complaint mechanisms. Social factors would include health and safety, employment practices and labour rights such as collective bargaining, as well as product responsibility, anti-corruption and supplier assessments. The framework chosen is likely to have additional factors that the issuer would report on.

4.4 Corruption is an issue on which many investors require reassurance. Issuers may consider the risk of corruption to be low, whether inducement is being offered to employees or by employees to others. Even if corruption is not assessed to be a material risk to the issuer, the issuer is well advised to state its policy and safeguards against corruption in its sustainability report.

4.5 Gender, skill and experience have been highlighted as diversity indicators material to business sustainability. Diversity greatly enhances the issuer's capacity for breadth of input and perspectives into decision making, risk alertness and responsiveness to change. The issuer should be aware of this trend and assess whether diversity is a material social factor in its business. It should engage stakeholders in assessing the necessity of reporting on this matter. In satisfying investors and other stakeholders, diversity should be examined through broad levels of staff and also importantly, in the Board.

4.6 The issuer should consider not just its internal circle of operations but also widen that circle to include persons in the value chain who contribute to the process of creating the product or service provided by the issuer. Parts of the business outsourced to third parties (for example, freight and logistics), as well as downstream impact (for example product defect response), constitute an integral part of the issuer's business and need to be included in the sustainability report.

Materiality

4.7 As guidance, sustainability reporting relates to the most important environmental, social and governance risks and opportunities that will act as barriers or enablers to achieving business goals in short, medium and long term. The omission or misstatement of these risks or opportunities could influence the decisions of investors.

4.8 Generally, what is material in sustainability reporting would also be considered material in financial terms, if not in the immediate period, then over time.

4.9 In assessing materiality of the ESG factors on which it reports, the issuer should first satisfy itself of the relevance of selected factors to its business strategy and outcomes. This has the benefit of focusing both executives and employees on uniform key risks and opportunities that deliver (or impede) desired outcomes.

4.10 The issuer should use risk ranking and prioritisation to distil the material ESG factors. This process is similar to the widely-practised Enterprise Risk Management (ERM) process. The issuer should expand the breadth of the assessment to account for material ESG factors.

4.11 The Board should review and approve the material ESG factors selected and the issuer's response to the attendant risks and opportunities. The selection should be verified with management and significant stakeholders to ensure an accurate appreciation of what is important in determining business success.

Possible process and tools

4.12 A possible process for assessing ESG factors with material relevance to the business and business model are set out in the following paragraphs.

4.13 In assessing materiality of the ESG factors on which it reports, the issuer may consider:

(i) Value drivers

(ii) Stakeholder engagement

(iii) Risk management

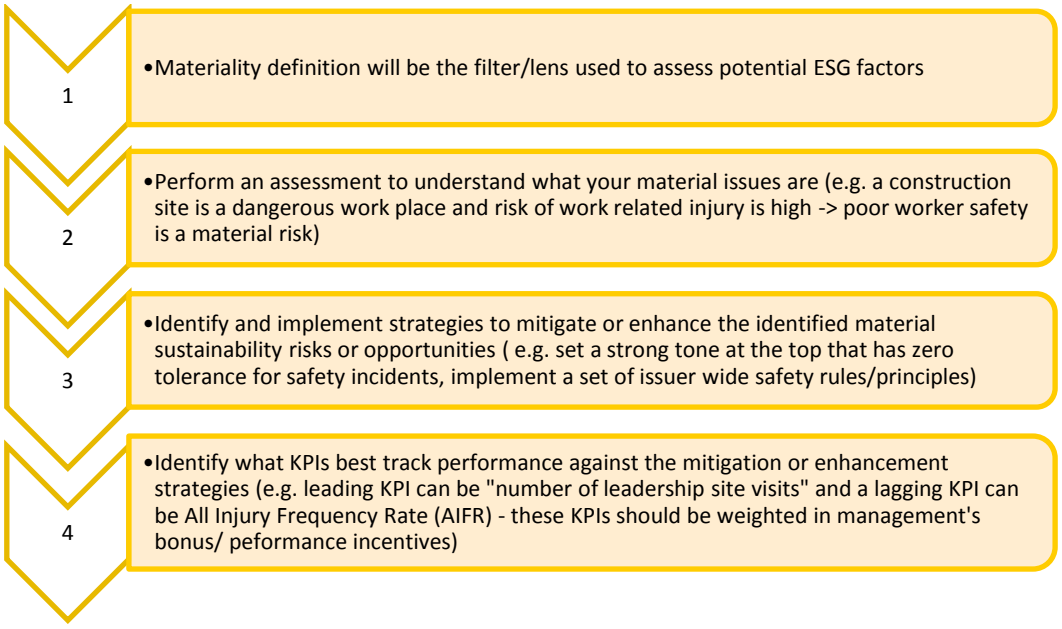
(iv) External factors, for example sector, geography, economics, market, social, environment

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(vi) Qualitative perspectives, for example operational, strategic, reputational and regulatory

(vii) Timeframe of these considerations

Figure 1: Order of considerations and determination of the material issues



4.14 The issuer may use the following Materiality Determination Process tools (templates) and step-by-step guidance (Identify – Rate – Prioritise – Validate). These tools are guidance and not mandatory. Issuers should disclose the outcomes of this process but can use their discretion as to whether they would like to disclose any part of the tools in their sustainability report.

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Template 1: Issue identifications template

XX Issuer		Issue 1	Issue 2 etc.
INDUSTRY	**Construction**		
COUNTRY OF OPERATION	Singapore, Malaysia, China, Indonesia		
NO. OF EMPLOYEES	XXX (this is only permanent employees which make up approx. 40% of workforce)		
MATURITY	Fairly good. Has a 2014 Sustainability Report.		
WHAT	What is the issue? (What should the issuer be reporting)	Worker safety	Diversity
WHY	Why is it material?	Construction sites, working at heights. Labour intensive. Exposure risk is high.	Xxx
RESPOND	How is/should the issuer strategically respond to address the issue?	Board is ultimately responsible for safety performance. Operational decisions made by Safety Forum. Issuer has 5 cardinal rules for safety and management's performance bonus linked to leading safety targets.	Xxx
MEASURE	How is the issuer measuring performance in this area?	All Injury Frequency Rate (AIFR) Fatalities Number of leadership site visits	Xxx
AVAILABILITY	How easy will it be to collect?	Yes- reported for regulatory compliance	Xxx
TARGET	What are/should the targets be? (benchmark)	All Injury Frequency Rate (AIFR) target at 9 Number of leadership site visits: 6	Xxx
STAKEHOLDERS	Which stakeholder group is impacted or impacts the business.	Employees, Regulator, Shareholder	Xxx
VALUE CHAIN	Is the impact inside or outside the organisation	Inside	Xxx

Source: KPMG

(ii) STEP 2: RATE. Once the issues of the issuer and its subsidiaries have been explored using Template 1, the issuer will need to cluster similar issues e.g. safety and health issues can be clustered together. If the issuer is a holding company, a rating process can be done to assess what issues are pervasive/most common across the group. The issuer can use Template 2 as a guide.

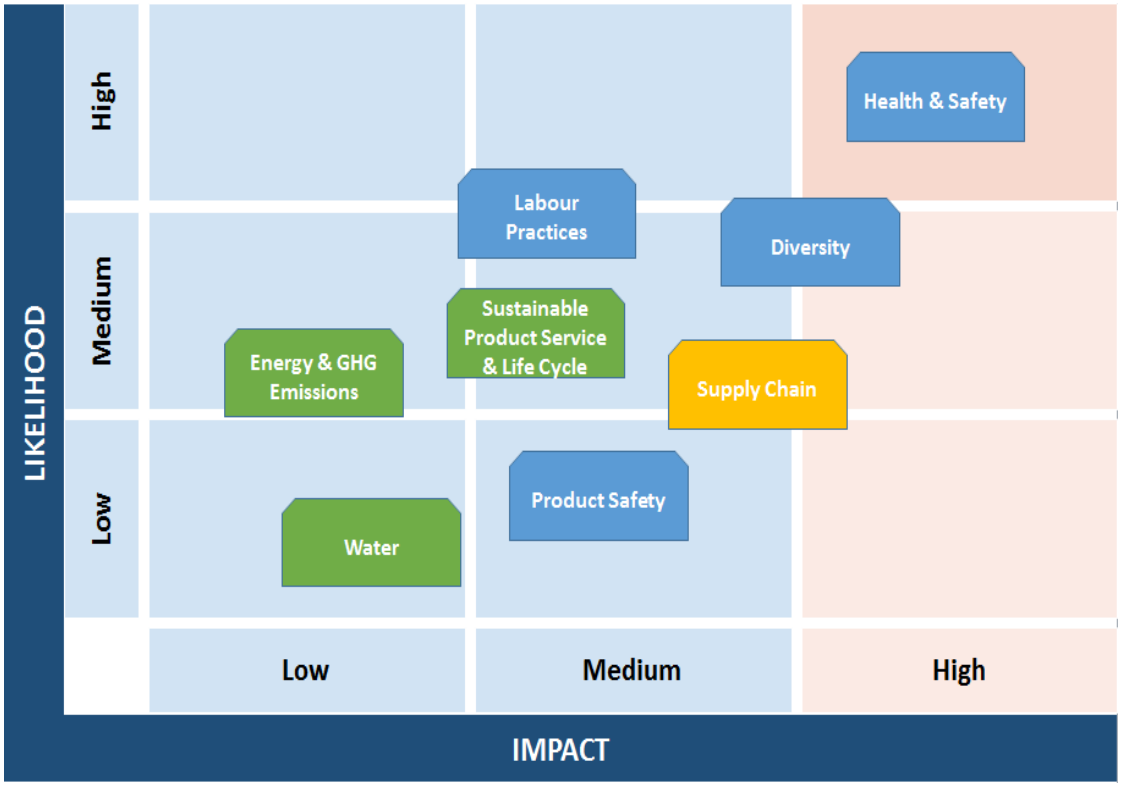
Template 2: Clustering and rating of issues

Potential issue clustering & rating							
	Safety and Health	Diversity	Labour Practices	Supply Chain	Climate Change	Water	Etc
Construction							
Subsidiary 1	✔	✔	✔	✔	✔		
Subsidiary 2	✔	✔	✔	✔	✔	✔	✔
Subsidiary 3	✔	✔	✔				✔
Xxx	✔		✔	✔		✔	
Xxx	✔	✔		✔	✔		
Chemical							
Xxx	✔	✔	✔		✔	✔	✔
Xxx	✔	✔	✔		✔	✔	✔

Source: KPMG

(iii) STEP 3: PRIORITISE. Once the issues of the issuer and its subsidiaries have been clustered and rated using Template 2, the issuer will need to prioritise them using a matrix. The following matrix plots the potential issues based on likelihood and impact.

Template 3: Material issues matrix



Source: KPMG

(iv) STEP 4: VALIDATE. Once the issuer has prioritised its issues, they need to be internally validated and signed off by leadership. The issues in the top right are the "business busters" (if the issuer gets these wrong - business is at risk).

Sustainability reporting framework

4.15 The issuer should select a sustainability reporting framework which is appropriate for and suited to their industry and business model, and explain their choice. At the same time, the issuer should place importance on using a globally-recognised framework for its wider acceptance in an increasingly global marketplace. The issuer can be more easily understood and compared with its peers in Singapore as well as in other jurisdictions across the world. The issuer should exercise considerable caution if it chooses to deviate from these generally-accepted frameworks.

4.16 Among the well-known and internationally recognised sustainability reporting frameworks, the Global Reporting Initiative (GRI) Sustainability Reporting Guidelines set out generic sustainability issues and general principles and indicators that issuers can use to report sustainability policies, practices, performance and targets. The International Integrated Reporting Council's Framework (<IR>) also sets out a general framework for reporting. Issuers using <IR> should consider ESG factors when determining their material issues for inclusion in the integrated report.

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Time horizon used in the sustainability report

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Group reporting

4.21 Where holding companies and operating subsidiaries are both listed issuers having to undertake sustainability reporting, the operating entities can report on the ESG factors within their scope of operations. If the ESG factors are also material to the holding company, the holding company may make reference in its sustainability report to the sustainability reports of the operating subsidiaries.

Board statement

4.22 The sustainability report should include a statement of the Board, stating that the sustainability report complies with the primary components required under this Guide, or has otherwise described and explained clearly what it does instead and the reasons for doing so.

5. Frequency of Sustainability Reporting

5.1 Issuers should report on sustainability at least once a year, within 5 months of the end of the financial year.

6. Form of Sustainability Reporting

6.1 Issuers' sustainability disclosure may be done in their annual reports. Alternatively, issuers may issue a standalone sustainability report, with a summary in their annual report. In either case, issuers should make available their sustainability reports on SGXNet and on their company websites.

7. Phased Approach

7.1 Sustainability reporting takes effect for any financial year ending on or after 31 December 2017. Issuers who do sustainability reporting say that employees gain clarity and focus around common company priorities. Smaller issuers like larger ones, already manage their sustainability issues as part of risk management and good business practice. They only need to take the next step to articulate what they do in sustainability terms. The sooner they commence sustainability reporting, the sooner they can benefit from doing so. Early adoption is encouraged.

7.2 While all issuers will begin sustainability reporting for any financial year ending on or after 31 December 2017, they may differ in the speed at which they progress in quality and depth.

7.3 For the first year of sustainability reporting, issuers should have at least the assessment of material ESG factors, policies and/or practices to address the factors; but if their reporting is lacking in qualitative or quantitative descriptions, they need only state progressive targets for reaching maturity of reporting and do their best to meet them in subsequent years.

7.4 A possible phased implementation approach is represented in the table below.

		Adoption		
		Year 1	Year 2	Year 3
Primary Components	Material ESG Factors	Addressed most critical factors (identified 4)	Reviewed factor assessment and added 3 more factors	Reviewed factor assessment and remained at 7 factors
	Policies, Practices and Performance	Minimal description of how issuer manages material factors No previous targets for comparison of	Description includes specific policies, practices per material factor More quantitative metrics and qualitative	Description includes specific policies, practices per material factor Qualitative and quantitative description

		performance One metric per factor Plans for improved reporting in future	description per factor Comparison against previously disclosed qualitative commitments and targets with explanation of overachievement and shortfall	per factor Comparison against previously disclosed targets and commitments with explanation of overachievement and shortfall
	Targets	Qualitative commitments if no quantitative targets	Short and long term qualitative targets and some quantitative targets	Short and long term qualitative and quantitative targets Include peer/sector benchmarks Targets linked to management performance incentives
	Sustainability Reporting Framework	In line with GRI core, as relevant international framework	Follow GRI core for all relevant areas	In line with GRI comprehensive, as relevant international framework
	Board Statement	Complied	Complied	Complied

7.5 For issuers listed on or after 1 January 2017, sustainability reporting will be required from the first full financial year of listing.

8. Glossary

ESG factors	Environmental, social and governance factors that affects the issuer's performance and prospects. Also referred to as sustainability issues, or sustainability risks and opportunities. Does not mean philanthropy or other charitable activities.
Sustainability reporting	The publication of information on material ESG factors in a comprehensive and strategic manner.
Materiality	In relation to ESG factors, the most important environmental, social and governance risks and opportunities that will act as barriers or enablers to achieving business goals in short, medium and long term. The omission or misstatement of these risks or opportunities could influence the decisions of investors.

Appendix 2 Proposed Amendments to Catalist Rules

Legend: Deletions are struck-through and insertions are underlined.

Chapter 7 Continuing Obligations

Part III Equity Securities — Periodic Reports

Sustainability Report

711A

An issuer must issue a sustainability report for its financial year, no later than 5 months after the end of the financial year.

711B

(1) The sustainability report must describe the sustainability practices with specific reference to the following primary components:

(a) material environmental, social and governance factors;

(b) policies, practices and performance;

(c) targets;

(d) sustainability reporting framework; and

(e) Board statement.

(2) If the issuer excludes any primary component, it must disclose such exclusion and describe what it does instead, with reasons for doing so.

Chapter 12 Circulars and Annual Reports

Part III Annual Reports

1204

The annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following:—

Mineral, Oil and Gas Activities

(23) In the case of mineral, oil and gas companies:

(a) a qualified person's report, dated no earlier than the end of the issuer's financial year, in accordance with the requirements as set out in Practice Note 4C;

(b) details of exploration (including geophysical surveys), development and/or production activities undertaken by the issuer and a summary of the expenditure incurred on those activities for the year. If there has been no exploration, development and/or production activity respectively, that fact must be stated; and

(c) a summary of reserves and resources as at the end of the issuer's financial year as set out in Appendix 7D supported by a qualified person's report.~~; and~~

~~(d) policies and practices in relation to operating in a sustainable manner, including the information as required in paragraph 3.1(f) of Practice Note 4C.~~

Practice Note 7F Sustainability Reporting Guide *(all new)*

Details	**Cross References**
Issue date: [●]	Listing Rule 711A
Effective date: [●]	Listing Rule 711B

1. Introduction

1.1 Listing Rule 711A requires every listed issuer to prepare an annual sustainability report, which must describe the issuer's sustainability practices with specific reference to certain primary components set out in Listing Rule 711B. This Practice Note contains the Sustainability Reporting Guide (the "**Guide**"), which provides guidance on the expected structure and contents and the preparation of the sustainability report.

1.2 Disclosure in sustainability reporting is separate from and does not affect the obligation of the issuer to make disclosure that would have a material effect on the price or value of its securities or to avoid the establishment of a false market pursuant to Listing Rule 703.

1.3 A glossary of the common terms is set out in paragraph 8.

2. Policy Statement on Sustainability Reporting

2.1 Issuers make regular financial reports to their investors that enable assessment of the likelihood of repayment (in the case of debt securities) and the returns on investment (in the case of equity securities). Increasingly, investors are demanding that the repayment and returns be achieved in a responsible and sustainable manner.

2.2 Reflecting these expectations, financial reports increasingly need to be supplemented by descriptive and quantitative information on how business is conducted and the sustainability of the current business into the future.

2.3 SGX believes that the addition of sustainability reporting to financial reporting provides a more comprehensive picture of the issuer: statements of financial position and comprehensive income provide a snapshot of the present and an account of the past year, while sustainability reports of environmental, social and governance factors ("**ESG factors**") show the risks and opportunities within sight, managed for future returns. Taken together, the combined financial and sustainability reports enable a better assessment of the issuer's financial prospects and quality of management.

2.4 To achieve the additional transparency which encourages efficiency and innovation, SGX-ST requires its listed issuers to publish an annual sustainability report on a comply-or-explain basis, in accordance with the Listing Rules. This Guide provides guidance for compliance with the requirements under the Listing Rules.

3. Principles

Board responsibility

3.1 Under the Singapore Code of Corporate Governance 2012, the Board is collectively responsible for the long term success of the issuer. It provides strategic direction and specifically considers sustainability issues as part of its strategic formulation. Consistent with its role, the Board should approve the ESG factors identified as material to the business and see to it that they are monitored and managed. Senior management can lead the process, demonstrating commitment to quality reporting and accountability for the process and output. Close interaction with the Board will enable the Board to satisfy itself on the way governance is structured and functioning through the various levels of management. Ultimately, the Board approves and has responsibility for the issuer's sustainability report. If any question is raised regarding the issuer's sustainability reporting, the Board must address it.

'Comply or explain'

3.2 In preparing its sustainability report, the issuer should include the primary components as set out in paragraph 4.1 of this Guide. The remainder of this Guide provides guidance on sustainability reporting. In the event that the issuer does not include a primary component in its sustainability report, the issuer must state its particular item of non-compliance and explain clearly what it does instead and the reasons for doing so.

Report risks as well as opportunities

3.3 In identifying material ESG factors, the issuer should consider not just risks but also opportunities. In addition, it is conceptually sound, and validated by experience, that risks well-managed represent strengths which can be applied to fulfill opportunities. The risks and opportunities within sight have direct bearing on strategies and operations and should be reported for clearer understanding of the issuer's performance, prospects and management quality.

Performance measurement system

3.4 An effective policy and operational response to sustainability risks and opportunities requires performance measurement and its linkage to performance incentives. Having a good performance measurement system allows the issuer to benchmark performance against stated objectives and facilitates comparison over time and across entities. Clearly linking risks and opportunities with strategy, operational indicators, performance measures and performance incentives not only enhances understanding but provides an engine for improvement, innovation and accountability.

Balanced reporting

3.5 In reporting on sustainability, care should be taken to give an accurate and balanced view. There may be a tendency to give more prominence to what is favourable and understate what is negative. Both situations require comprehensive explanations. In describing performance, factors beyond the issuer's control are as relevant to exceeding the target as to a performance shortfall. The issuer's response plans are also important and should be included as they reflect its quality of management.

Global standards and comparability

3.6 The issuer needs to give priority to using globally recognized frameworks and disclosure practices to guide its reporting. The increasingly borderless markets for funds as well as for goods and services mean that corporate reporting standards tend to gravitate toward global best practice. Added to this is the international character of SGX-ST both in terms of listed issuers as well as

investors. The individual issuer should take care that its disclosure efforts not be considered inadequate by stakeholders.

Stakeholder engagement

3.7 The issuer's responsibility on disclosure, including annual reports and sustainability reports, is first and foremost to current and potential shareholders, i.e. the investing public. In addition, sustainability reporting envisages the use of the sustainability report by other stakeholders and reporting that caters to their needs. Shareholders would also be interested in disclosures of ESG factors that are relevant to creating value or important to other stakeholders, and expect to see them in the reports.

Independent assurance

3.8 Independent assurance increases stakeholder confidence in the accuracy and completeness of the sustainability information disclosed. Issuers whose sustainability reporting has already matured after several annual exercises, would want to undertake external assurance by independent professional bodies to add credibility to the information disclosed and analysis undertaken. Issuers new to sustainability reporting may wish to start with internal assurance before progressing to external assurance for its benefits. They should also consider whether it would be worthwhile to undertake independent external assurance on selected important aspects of their report even in the first year, expanding coverage in succeeding years.

4. Contents of Sustainability Reporting

Primary components

4.1 The sustainability report should comprise the following primary components:

(i) **Material ESG factors**. The sustainability report should identify the material ESG factors, and describe both the reasons for and the process of selection, taking into considering their relevance to the business, strategy, business model and key stakeholders. The Board should approve the material ESG factors.

(ii) **Policies, practices and performance**. The sustainability report should set out the issuer's policies, practices and performance in relation to the material ESG factors identified, providing descriptive and quantitative information on each of the identified material ESG factors for the reporting period. Performance should be described in the context of previously disclosed targets.

(iii) **Targets**. The sustainability report should set out the issuer's targets for the forthcoming year in relation to each material ESG factor identified.

(iv) **Sustainability reporting framework**. The issuer should select a sustainability reporting framework to guide its reporting and disclosure. The sustainability reporting framework selected should be appropriate for and suited to its industry and business model. The issuer should explain its reasons for choosing the sustainability reporting framework.

(v) **Board statement**. The sustainability report should contain a statement of the Board, stating that the sustainability report complies with these primary components, or has otherwise described and explained clearly what it does instead and the reasons for doing so.

Identification of material ESG factors

4.2 The issuer should review its business in the context of the value chain and determine what ESG factors in relation to its interaction with its physical environment and social community and its governance, are material for the continuity of its business. The issuer is expected to report the criteria and process by which it has made its selection with reference to how these factors contribute to the creation of value for the issuer.

4.3 In broad terms, environmental factors would include materials, energy, water, emissions, effluents and waste as well as environmental complaint mechanisms. Social factors would include health and safety, employment practices and labour rights such as collective bargaining, as well as product responsibility, anti-corruption and supplier assessments. The framework chosen is likely to have additional factors that the issuer would report on.

4.4 Corruption is an issue on which many investors require reassurance. Issuers may consider the risk of corruption to be low, whether inducement is being offered to employees or by employees to others. Even if corruption is not assessed to be a material risk to the issuer, the issuer is well advised to state its policy and safeguards against corruption in its sustainability report.

4.5 Gender, skill and experience have been highlighted as diversity indicators material to business sustainability. Diversity greatly enhances the issuer's capacity for breadth of input and perspectives into decision making, risk alertness and responsiveness to change. The issuer should be aware of this trend and assess whether diversity is a material social factor in its business. It should engage stakeholders in assessing the necessity of reporting on this matter. In satisfying investors and other stakeholders, diversity should be examined through broad levels of staff and also importantly, in the Board.

4.6 The issuer should consider not just its internal circle of operations but also widen that circle to include persons in the value chain who contribute to the process of creating the product or service provided by the issuer. Parts of the business outsourced to third parties (for example, freight and logistics), as well as downstream impact (for example product defect response), constitute an integral part of the issuer's business and need to be included in the sustainability report.

Materiality

4.7 As guidance, sustainability reporting relates to the most important environmental, social and governance risks and opportunities that will act as barriers or enablers to achieving business goals in short, medium and long term. The omission or misstatement of these risks or opportunities could influence the decisions of investors.

4.8 Generally, what is material in sustainability reporting would also be considered material in financial terms, if not in the immediate period, then over time.

4.9 In assessing materiality of the ESG factors on which it reports, the issuer should first satisfy itself of the relevance of selected factors to its business strategy and outcomes. This has the benefit of focusing both executives and employees on uniform key risks and opportunities that deliver (or impede) desired outcomes.

4.10 The issuer should use risk ranking and prioritisation to distil the material ESG factors. This process is similar to the widely-practised Enterprise Risk Management (ERM) process. The issuer should expand the breadth of the assessment to account for material ESG factors.

4.11 The Board should review and approve the material ESG factors selected and the issuer's response to the attendant risks and opportunities. The selection should be verified with management and significant stakeholders to ensure an accurate appreciation of what is important in determining business success.

Possible process and tools

4.12 A possible process for assessing ESG factors with material relevance to the business and business model are set out in the following paragraphs.

4.13 In assessing materiality of the ESG factors on which it reports, the issuer may consider:

(i) Value drivers

(ii) Stakeholder engagement

(iii) Risk management

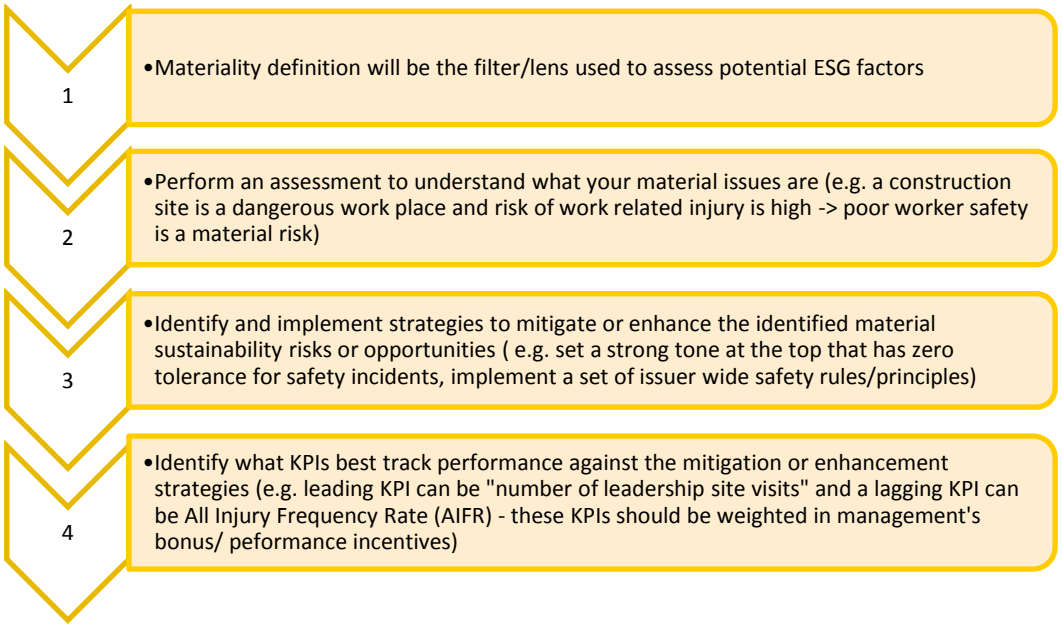
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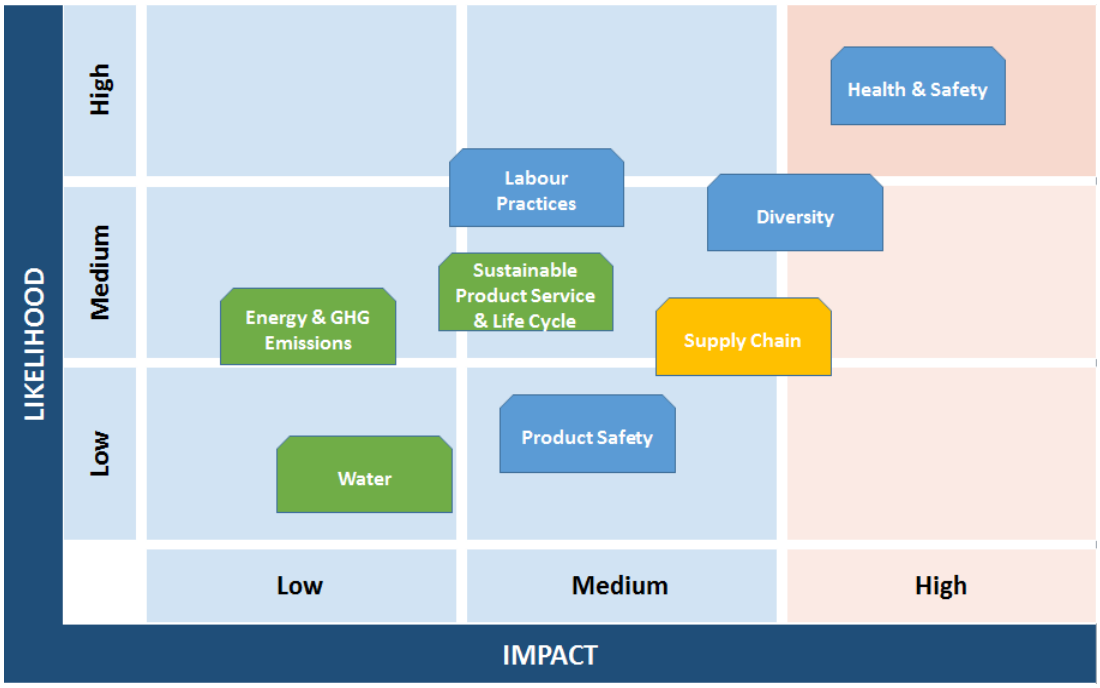
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Xxx	✔	✔	✔		✔	✔	✔
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Group reporting

4.21 Where holding companies and operating subsidiaries are both listed issuers having to undertake sustainability reporting, the operating entities can report on the ESG factors within their scope of operations. If the ESG factors are also material to the holding company, the holding company may make reference in its sustainability report to the sustainability reports of the operating subsidiaries.

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6.1 Issuers' sustainability disclosure may be done in their annual reports. Alternatively, issuers may issue a standalone sustainability report, with a summary in their annual report. In either case, issuers should make available their sustainability reports on SGXNet and on their company websites.

7. Phased Approach

7.1 Sustainability reporting takes effect for any financial year ending on or after 31 December 2017. Issuers who do sustainability reporting say that employees gain clarity and focus around common company priorities. Smaller issuers like larger ones, already manage their sustainability issues as part of risk management and good business practice. They only need to take the next step to articulate what they do in sustainability terms. The sooner they commence sustainability reporting, the sooner they can benefit from doing so. Early adoption is encouraged.

7.2 While all issuers will begin sustainability reporting for any financial year ending on or after 31 December 2017, they may differ in the speed at which they progress in quality and depth.

7.3 For the first year of sustainability reporting, issuers should have at least the assessment of material ESG factors, policies and/or practices to address the factors; but if their reporting is lacking in qualitative or quantitative descriptions, they need only state progressive targets for reaching maturity of reporting and do their best to meet them in subsequent years.

7.4 A possible phased implementation approach is represented in the table below.

		Adoption		
		Year 1	Year 2	Year 3
Primary Components	Material ESG Factors	Addressed most critical factors (identified 4)	Reviewed factor assessment and added 3 more factors	Reviewed factor assessment and remained at 7 factors
	Policies, Practices and Performance	Minimal description of how issuer manages material factors No previous targets for comparison of	Description includes specific policies, practices per material factor More quantitative metrics and qualitative	Description includes specific policies, practices per material factor Qualitative and quantitative description

		performance One metric per factor Plans for improved reporting in future	description per factor Comparison against previously disclosed qualitative commitments and targets with explanation of overachievement and shortfall	per factor Comparison against previously disclosed targets and commitments with explanation of overachievement and shortfall
	Targets	Qualitative commitments if no quantitative targets	Short and long term qualitative targets and some quantitative targets	Short and long term qualitative and quantitative targets Include peer/sector benchmarks Targets linked to management performance incentives
	Sustainability Reporting Framework	In line with GRI core, as relevant international framework	Follow GRI core for all relevant areas	In line with GRI comprehensive, as relevant international framework
	Board Statement	Complied	Complied	Complied

7.5 For issuers listed on or after 1 January 2017, sustainability reporting will be required from the first full financial year of listing.

8. Glossary

ESG factors	Environmental, social and governance factors that affects the issuer's performance and prospects. Also referred to as sustainability issues, or sustainability risks and opportunities. Does not mean philanthropy or other charitable activities.
Sustainability reporting	The publication of information on material ESG factors in a comprehensive and strategic manner.
Materiality	In relation to ESG factors, the most important environmental, social and governance risks and opportunities that will act as barriers or enablers to achieving business goals in short, medium and long term. The omission or misstatement of these risks or opportunities could influence the decisions of investors.

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