

Sustainability Reporting Review

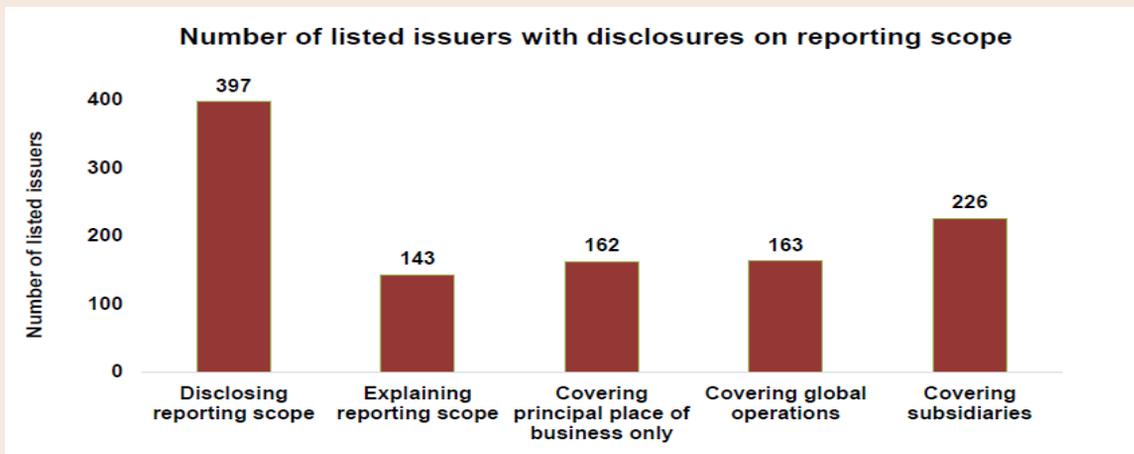
On 4 December 2019, the Centre for Governance, Institutions and Organisations (CGIO) at NUS Business School performed a review and assessment of the sustainability reports issued as of 31 December 2018 and the results were presented during a sustainability forum, which we have summarised in the tables below.

SGX will take into consideration the results of the review and look at improving on the sustainability reporting requirements, in particular, **closing the gap** between **mandatory** and **voluntary disclosure requirements** under the various sustainability reporting frameworks.

Just to recap – In 2016, SGX issued its inaugural rules and guidelines for sustainability reporting, requiring SGX-listed issuers to produce a sustainability report for any financial year ending on or after 31 December 2017. In the report, it must describe the issuer’s sustainability practices with reference to the following primary components using a ‘comply-or-explain’ approach – (i) Material Environmental, Social and Governance (ESG) factors; (ii) Policies, Practices and Performance; (iii) Targets; (iv) Sustainability Reporting Framework; and (v) Board Statement.

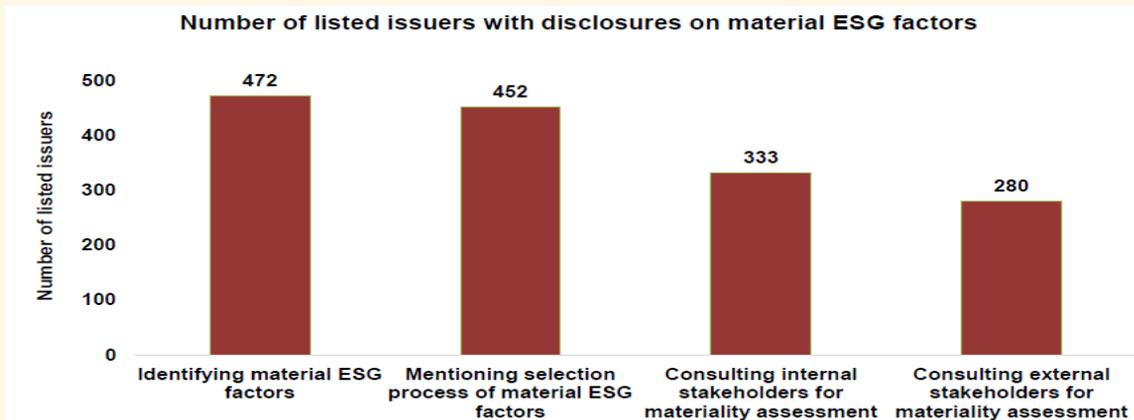
Key findings

(i) Disclosures on reporting scope



- Few issuers explained the rationale of choosing the relevant framework for their Sustainability Reporting (i.e. how is the framework selected relevant to the issuer and the industry that it operates in).
- Most issuers’ sustainability report cover only their principal place of operations and do not cover their global operations.

(ii) Materiality assessment

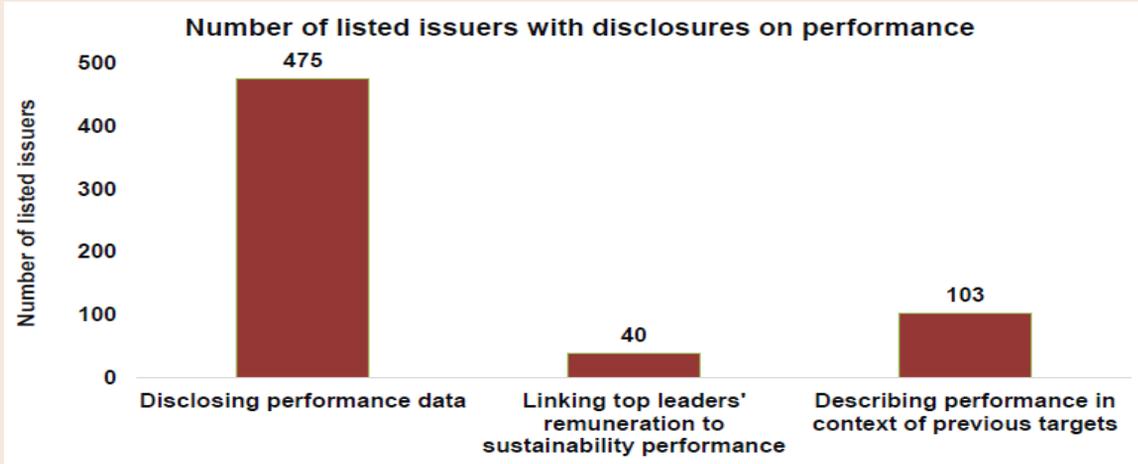


- More issuers consult only internal stakeholders when performing materiality assessment. External stakeholders such as suppliers and customers should be consulted as well.

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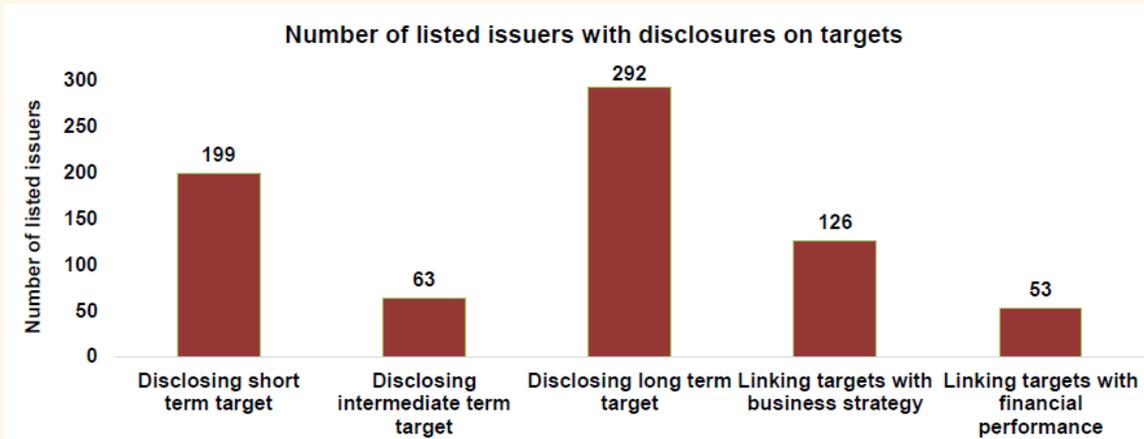
Key findings

(iii) Linking of top leaders' remuneration



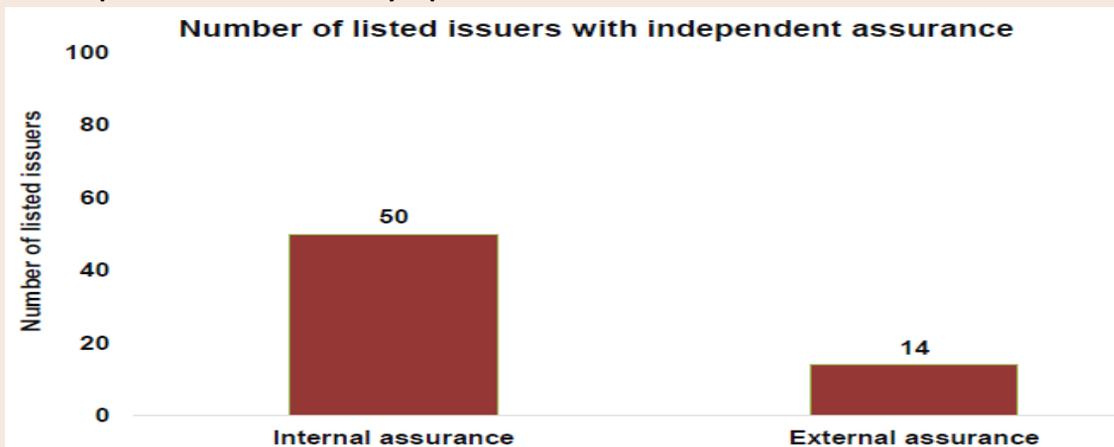
- Few issuers link their top executives' remuneration to sustainability performance of the issuer.

(iv) Disclosure on targets



- Most companies present long term targets.

(v) Assurance provided on sustainability report



- Few companies received external assurance for their sustainability report.

Conclusion

The results of the inaugural review allows SGX to track the progress that SGX-listed companies have made since the sustainability requirements were introduced in 2016 and will form the basis of any enhancements and improvements of the sustainability reporting requirements in the near future.

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Useful References:

Presentation Slides (by Professor Lawrence Loh)

[SGX-CGIO-SR-Forum-Presentation-2019.pdf](#)

Sustainability Reporting: Progress and Challenges

[SGX-CGIO-Sustainability-Reporting-Progress-and-Challenges-Report-2019.pdf](#)

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