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Recap on the Regulatory Updates Issued on Sustainability Reporting Requirements on 30 September 2024

- SGX RegCo has enhanced its sustainability reporting framework by requiring the incorporation of the IFRS Sustainability Disclosure Standards (IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 - Climate-related Disclosures) issued by International Sustainability Standards Board (“ISSB”), building on TCFD recommendations. The standards will form a global baseline of sustainability-related disclosures and for disclosing the effect of climate-related risks and opportunities on a company’s prospects respectively.
- The ISSB has issued application guidance, which forms an integral part of the IFRS Sustainability Disclosure Standards, on, among others, the following topics:
  - a) identifying sustainability-related risks and opportunities and disclosing material information about such risks and opportunities;
  - b) applying scenario analysis to assess climate resilience;
  - c) measuring GHG emissions, including Scope 3 GHG emissions;
  - d) disclosing information relevant to the cross-industry metric categories; and
  - e) disclosing information about the climate-related targets that have been set or are required to be met by law or regulation.



From financial year commencing on or after	Baseline Reporting Practice	Calendar Year in which Report is Published
1 January 2025	<ul style="list-style-type: none"><li>• SGX Regco has mandated the incorporation of climate-related disclosures in sustainability reports. This would mean the inclusion of Scope 1 and Scope 2 GHG emissions in accordance with the IFRS Sustainability Disclosure Standards.</li><li>• Other primary components of a sustainability report to be disclosed on a ‘comply or explain’ basis</li><li>• Requirement on Scope 3 GHG emissions is under review and not yet implemented</li></ul>	2026
1 January 2026	<ul style="list-style-type: none"><li>• Sustainability report to be issued with the annual report, or where the issuer has conducted external assurance on the sustainability report, no later than 5 months after the end of the financial year.</li><li>• All issuers to report on the primary components of the report on a mandatory basis, which include:<ul style="list-style-type: none"><li>(a) Material environmental, social and governance factors;</li><li>(aa) climate-related disclosures;</li><li>(b) policies, practices and performance;</li><li>(c) targets;</li><li>(d) sustainability reporting framework; and</li><li>(e) Board statement and associated governance structure for sustainability practices.</li></ul></li></ul>	2027

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Recap on the Regulatory Updates Issued on Sustainability Reporting Requirements on 30 September 2024 (Continued)

- IFRS S1 requires entities that report their sustainability-related financial disclosures in accordance with the IFRS Sustainability Disclosure Standards to make an explicit and unreserved statement of compliance, which may not be made unless an entity complies with all the requirements, including the requirements in IFRS S1 applicable beyond climate-related disclosures.
- SGX Regco permits the following:
  - i) An issuer that complies with all the requirements in IFRS S1 and IFRS S2 can, but is not mandated to, make an explicit and unreserved statement of compliance with the IFRS Sustainability Disclosure Standards;
  - ii) an issuer that complies with all the requirements in IFRS S2 and the climate-relevant provisions in IFRS S1 can, but is not mandated to, state that it complies with the climate-related requirements in the IFRS Sustainability Disclosure Standards.



Extracted from practice Note 7F ([Please click here](#)), SGX news release ([Please click here](#)) and Responses to Comments on Consultation Paper on Sustainability Reporting: Enhancing Consistency and Comparability ([Please click here](#))

Summary of IFRS S1 - General Requirements for Disclosure of Sustainability-related Financial Information

- IFRS S1 sets out the general requirements for disclosure of **sustainability-related** financial information including the conceptual foundations, core content, general requirements and judgements, uncertainties and errors.
- Key concepts such as connected information, value chains, assessment of materiality and key requirements such as the reporting entity and timing and location of reporting are set out in IFRS S1. For example, materiality of information is judged in relation to whether omitting, misstating or obscuring the information could reasonably be expected to influence decisions of primary users of general purpose financial reports.
- The core content of IFRS S1, specific paragraphs relevant for the issuer including the elaboration of short-, medium- and long-term time horizons, trade-offs between sustainability-related risks and opportunities that an issuer considered and the objective of sustainability-related financial disclosures on risk management to enable users of general purpose financial report to assess an issuer's overall risk profile and its overall risk management process.
- An entity is required to disclose information about its **sustainability-related** risk and opportunities that could reasonably be expected to affect its prospects such as its cash flows, access to finance or cost of capital over the short, medium or long-term.
- An entity is required to disclose the following information associated with its sustainability-related risk and opportunities: (i) Governance; (ii) Strategy; (iii) risk management; and (iv) metrics and targets associated with the sustainability-related risk and opportunities.



For more information on IFRS S1 ([Please click here](#))

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Recap on the Regulatory Updates Issued on Sustainability Reporting Requirements on 30 September 2024 (Continued)

Summary of IFRS S2 - Climate-related Disclosures

- IFRS S2 sets out supplementary requirements that relate specifically to **climate-related** risks and opportunities.
  - Climate-related risks are associated with:
    - a) Physical risks (weather-related events like storms, floods or heatwaves and longer term shifts in climatic patterns like sea level rise)
    - b) Transition risks (arising from efforts to transition to a lower-carbon economy and may include policy, technology and reputational risks)
- IFRS S2 requires disclosure of Scope 3 GHG emissions\* and the approach used for measurement which is in accordance with the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standards (2004), subject to the reliefs specified and to the extent that it does not conflict with the IFRS Sustainability Disclosure Standards. Issuers should consider the 15 categories of Scope 3 GHG emissions, as described in the Greenhouse Gas Protocol Corporate Value Chain (Scope 3) Accounting and Reporting Standard (2011) ("**Scope 3 Standard**"), to identify which categories are applicable to the issuer. If not all categories are applicable, issuers should disclose which of these categories are included in its Scope 3 GHG emissions. For example, an issuer may not have leased assets or franchises or may be unable to estimate Scope 3 GHG emissions due to a lack of data or other limiting factors, as described in the Scope 3 Standard.
- IFRS S2 requires use of climate-related scenario analysis to inform an issuer's disclosures about their resilience to climate change. Please refer to IFRS S2 for the application guidance on how an issuer is required to determine the method of scenario analysis to assess its climate resilience. The issuer should describe how resilient its strategies are to climate-related risks and opportunities, taking into consideration a transition to a lower-carbon economy consistent with a 2°C or lower scenario and, where relevant, scenarios consistent with increased physical climate-related risks.
  - An issuer new to scenario analysis can consider starting with qualitative scenario narratives to explore the potential range of implications. As it gains more experience, it can consider using quantitative information to describe the potential outcomes, and to enhance the rigour of that analysis.
- IFRS S2 requires an issuer to disclose industry-based metrics that are associated with common business models and activities in a particular industry. When an issuer provides industry-based metrics, it shall refer to and consider the relevant industry-based guidance to present fairly the climate-related risks and opportunities to which it is exposed.

\*Scope 3 GHG emissions disclosures will not be required in the meantime. SGX Regco's intention is for the larger issuers by market capitalisation to report scope 3 GHG emissions from financial year commencing on or after 1 January 2026.



For more information on IFRS S2 ([Please click here](#))

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Recap on the Regulatory Updates Issued on Sustainability Reporting Requirements on 30 September 2024 (Continued)

Summary of IFRS S2 - Climate-related Disclosures (Continued)

- IFRS S2 requires an issuer to disclose cross-industry metric categories including:
  - a) climate-related transition risks – the amount and percentage of assets or business activities vulnerable to transition risks;
  - b) climate-related physical risks – the amount and percentage of assets or business activities vulnerable to physical risks;
  - c) capital deployment – the amount of capital expenditure, financing or investment deployed towards climate-related risks and opportunities; and
  - d) internal carbon prices used to assess the cost of emissions.



For more information on IFRS S2 ([Please click here](#))

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Resources and Trainings



**ISCA Illustrative Sustainability Report**

Developed with the support of SGX RegCo and the Institute of Singapore Chartered Accountants (ISCA), the Illustrative Sustainability Report: Based on the GRI Standards and IFRS Sustainability Disclosure Standards demonstrates how an entity can apply the IFRS S1 and IFRS S2 requirements alongside the GRI Standards. This guidance provides clarity for entities already reporting under the Global Reporting Initiative (GRI) Standards on how to also adopt climate-related requirements in the IFRS Sustainability Disclosure Standards, including key transition reliefs and proportionality and application mechanisms offered by ISSB to address practical challenges businesses may face when applying these standards.

*[Download the Illustrative Sustainability Report, under the “Disclosure Resources” section [here](#).]*

**Training on the ISCA Illustrative Sustainability Report**

To further support issuers, we will be conducting training sessions on the Illustrative Sustainability Report. Similar to the 2022 workshops on the Task Force on Climate-related Financial Disclosures (TCFD) recommendations, these upcoming sessions aim to equip issuers with the practical skills to comply with the enhanced reporting requirements effectively. More details on training dates and registration will be shared in Q1 2025.

**E-Learning module on Preparing a Sustainability Report**

This e-learning series is pitched at an introductory level. It will introduce SGX’s Sustainability Reporting Guide, and demonstrate how to implement the guide in practice. Through the e-learning, you will learn more about sustainability reporting and acquire the basic skills needed to prepare a sustainability report.

*[The e-learning module will be available [here](#) in January 2025, under the “On-Demand Training” section.]*

### 3 Sustainability Reporting Grants

#### **Sustainability Reporting Grant (SRG)**

Administered by the Economic Development Board and Enterprise Singapore, this grant provides funding support for Singapore-incorporated companies to produce their first ISSB-aligned sustainability report in Singapore before compliance for mandatory climate-related disclosures sets in. For issuers, the grant applies to sustainability reports covering the FY starting before 1 January 2025. The grant defrays up to 30% of qualifying costs, capped at S\$150,000, whichever is lower. The application deadline is 31 May 2025. [\[To apply and for more details, click here\]](#)

Enterprise Singapore also has the Enterprise Sustainability Programme which includes [Enterprise Development Grant](#) and [Enterprise Financing Scheme](#).

#### **Singapore Business Federation (Career Conversion Programme)**

Supports the reskilling of workers to take on sustainability-related business functions, creation of new job roles such as Sustainability Officer and enhances current scope of work in areas such as finance, procurement, human resource, logistics and operations. [\[To apply and for more details, click here\]](#)



#### **Useful References:**

- SAC's regulatory updates issued on 30 September 2024 ([Please click here](#))
- Comparison of IFRS S2 Climate-related Disclosures with the TCFD recommendations ([Please click here](#))

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