Current Listing Rule Changes in relation to Sustainability

On 15 Dec 2021, SGX has required climate reporting as a mandatory component of companies' sustainability reports (SR). In addition, companies are to have a board diversity policy for the purpose of disclosing its diversity targets, plans, timelines and progress in their annual reports. All these requirements are effective **for the financial years beginning on or after 1 January 2022**. Key changes as follow:

Climate Reporting Disclosure (Mandatory)

- All companies are to provide climate reporting as 1 of the 6 primary components of sustainability report (on a comply or explain basis)
- Climate reporting disclosures are based on the recommendations by TCFD (Task Force on Climate-related Financial Disclosure)
- Certain companies are prioritised for mandatory climate reporting based on carbon intensive industries (please see below)

Internal Review (Mandatory)/ External Audit (Optional)

- Sustainability reporting process is to be internally reviewed by internal audit
- Internal review to be conducted in accordance with International Standards for the Professional Practice of Internal Auditing issued by IIA (The Institute of Internal Auditors)
- If external assurance is conducted, company is to disclosure in the sustainability report: (1) The scope covered, (2) Identity of the external assurer, (3) Standards used, and (4) Key findings

Board Diversity (Mandatory)

- All companies are to have a board diversity policy that addresses gender, skill and experience, and other relevant aspects of diversity
- Summary covering the following points is to be included in the annual reports:
  - ❑ Diversity targets   ❑ Timelines
  - ❑ Plans   ❑ Progress

Sustainability Report Timeframe (Mandatory)

- Companies to issue SR together with their annual reports annually
- If external assurance is conducted, SR is to be issued within 5 months after financial year end

Directors' Training (Mandatory)

- Listing Manual has been amended on 1 January 2022, to require all directors to undergo a one-time training on sustainability.

Guideline on Materiality (Mandatory)

- SGX does not prescribe a materiality standard from a framework but provides the baseline for materiality assessment under the SGX's sustainability reporting guide

Material ESG indicators (Optional)

- SGX's 27 Core ESG Metrics (Please click here)
- Option for companies to adopt an additional standard of materiality or double materiality

2022	2023	2024
• Climate reporting is mandatory on a 'comply or explain' basis for all companies • All companies are to subject its sustainability reporting to internal review by internal audit • Implement a board diversity policy • Guided by 27 Core ESG metrics • Shorter timeframe for publishing SR if subject to internal review • Directors to attend prescribe sustainability trainings	• Climate reporting is mandatory for companies under the following industries: ❑ Financial ❑ Agriculture, food and forest products ❑ Energy • Remaining companies are to disclose climate reporting on a 'comply or explain' basis	• Climate reporting is mandatory for companies under the following industries: ❑ Materials and Building ❑ Transportation • Remaining companies are to disclose climate reporting on a 'comply or explain' basis
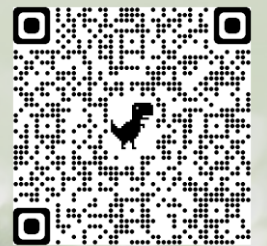
Link to SGX's news media on rule change