

RESPONSE TO CONSULTATION PAPER ON STARTING WITH A COMMON SET OF CORE ESG METRICS

Singapore Exchange Regulation invites comments on this Consultation Paper. Please send your responses through any of the following means:

Email	listingrules@sgx.com
Mail	Singapore Exchange Regulation 11 North Buona Vista Drive #06-07, The Metropolis Tower 2 Singapore 138589 (Attention: Listing Policy & Product Admission)

Please 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.

Please refer to the Consultation Paper for more details on the proposals.

Respondent's Information

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Statement of Interest	Please refer to our introductory paragraphs below

Disclosure of Identity

Please check the box if you do not wish to be specifically identified as a respondent:

I/We do not wish to be specifically identified as a respondent.

On behalf of the Asset Management Group (AAMG)¹ of Asia Securities Industry & Financial Markets Association (ASIFMA)², we would like to submit our responses to the Singapore Exchange Regulation Pte Ltd (SGX) Consultation Paper on Starting with a Common Set of Core ESG Metrics.

Our members who are predominantly global asset managers, are pleased to have the opportunity to present our views during this consultation. As stewards and owners of capital, we welcome initiatives that strengthen the frameworks that uphold the integrity and thus viability of capital markets. To this end, our members are supportive of the proposed enhancements to the SGX's listing rules on climate and diversity, proposed by the SGX.

¹ ASIFMA Asset Management Group (AAMG) is a separate division of ASIFMA set up to represent the interest of asset managers. AAMG currently has 37 members, most of which are among the world's largest asset managers. A list of the AAMG members can be found in <https://www.asifma.org/membership/members/>

² ASIFMA is an independent, regional trade association with over 150 member firms comprising a diverse range of leading financial institutions from both the buy and sell side, including banks, asset managers, law firms and market infrastructure service providers. Together, we harness the shared interests of the financial industry to promote the development of liquid, deep and broad capital markets in Asia. ASIFMA advocates stable, innovative, competitive and efficient Asian capital markets that are necessary to support the region's economic growth. We drive consensus, advocate solutions and effect change around key issues through the collective strength and clarity of one industry voice. Our many initiatives include consultations with regulators and exchanges, development of uniform industry standards, advocacy for enhanced markets through policy papers, and lowering the cost of doing business in the region. Through the [GFMA](#) alliance with [SIFMA](#) in the United States and [AFME](#) in Europe, ASIFMA also provides insights on global best practices and standards to benefit the region.

Consultation Questions

Question 1: A Common Set of Core ESG Metrics

- (a) Do you agree that it is useful to provide guidance for issuers to disclose a common and standardised set of environmental, social and governance (**ESG**) metrics?

Please select one option:

- Yes
 No

Please give reasons for your view:

We agree that it is useful to provide guidance to issuers on a common and standardised set of ESG metrics as a baseline. It would be especially helpful for smaller issuers, or companies early in their sustainability reporting journey, to focus first on common material ESG metrics. It should however be stated upfront that the list is not prescriptive nor an exhaustive list, and issuers should conduct a materiality assessment to ensure the relevance of their reported metrics.

- (b) Do you agree with the list of ESG metrics listed in Part II of the Consultation Paper? Do you have any feedback or suggestions?

Please select one option:

- Yes
 No

Please give reasons for your view:

We agree with the list of 27 ESG metrics identified. As mentioned in our response to Question 1(a), the non-exhaustive nature of this list should be communicated to issuers.

Issuers should be encouraged to report additional metrics that are sector-specific, financially material and relevant to investment decision-making, such as those developed by SASB. Issuers should also include forward-looking targets where relevant, allowing investors to have a clearer idea of the trajectory and direction of the company's sustainability strategy.

Question 2: ESG Data Portal

- (a) Do you agree that an ESG data portal with the functionalities described in paragraph 3 of Part I of the Consultation Paper is useful in enhancing alignment between issuers and investors over the use of ESG data? What are some other features you would like to see on the ESG data portal?

Please select one option:

- Yes
 No

Please give reasons for your view:

A single portal for issuers to submit their disclosures helps create a centralised distribution point for investors, making it potentially easier for investors to access the relevant data points. At present, many of our members rely on third party data providers to scrape data published by issuers, before they bring the data in-house for further analysis. We envisage that the adoption of an ESG data portal as described would also reduce the time lag currently experienced.

Intra-operability

We note plans for a European single access point for financial and sustainable investment-related information. As investors that invest across multiple jurisdictions, we would like to see intra-operability of any ESG data portal with similar data portals in other large and/or comparable markets.

Data sets

We would like the ability to input a complete data set, including multiple years of data which may enhance the ability of users to identify year-on-year progress, with optionality to disclose metrics under SGX guidelines and/or industry-specific guidelines such as GRI and SASB Standards.

Data integrity

Basic data quality and consistency problems, e.g. 'fat finger errors' should be able to be identified by the system.

- (b) Do you agree that the ability to generate sustainability reports directly from the ESG data portal will be useful for issuers?

Please select one option:

- Yes
 No

Please give reasons for your view:

The ability to generate simple sustainability reports directly from the ESG data portal could be useful and convenient, especially for small cap issuers. On the other hand, the sustainability reports of larger issuers should be more complex than what can potentially be automatically generated.

Auto-generated sustainability reports should not be seen as a replacement for full-scale sustainability reports aligned to GRI, TCFD or other common reporting standards or frameworks. The qualitative aspects of full-scale sustainability reports matter significantly to investors interested in understanding companies' long-term sustainability strategy. At the same time, we also do not think that the SGX should be in the business of producing complex sustainability reports and would prefer for service providers in the industry to focus on this.

- (c) Do you agree that issuers should be required to move towards digital sustainability reporting, including submitting ESG data in widely used digital formats via the data portal? What are the challenges in doing so?

Please select one option:

Yes

No

Please give reasons for your view:

We imagine that there will be a natural evolution towards digital media, including the submitting and downloading of digital ESG data via the data portal. We would reiterate that complete ESG disclosures should encompass both quantitative and qualitative aspects. There may however be challenges in capturing, categorising and disseminating qualitative data in a consistent and comparable manner that is most useful for users of this information.