

RESPONSE TO CONSULTATION PAPER ON SUSTAINABILITY REPORTING: ENHANCING CONSISTENCY AND COMPARABILITY

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

Email	listingrules@sgx.com
Mail	Singapore Exchange Regulation 2 Shenton Way #02-02, SGX Centre 1 Singapore 068804 (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 RegCo 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

Name(s)	Yvette Kwan
Organisation (if applicable)	Asia Securities Industry & Financial Markets Association (“ASIFMA”)
Email Address(es)	ykwan@asifma.org
Contact Number(s)	+852 2531 6573
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 Sustainability Reporting.

Our members who are predominantly global asset managers, are pleased to have the opportunity to present our views during this consultation. As stewards 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 sustainability reporting, proposed by the SGX. We request SGX to refer to our responses to individual questions for more details.

¹ ASIFMA Asset Management Group (AAMG) is a separate division of ASIFMA set up to represent the interest of asset managers. AAMG currently has 43 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 160 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: Amendments to Align with ISSB Standards

- (a) Do you agree with the proposed amendments to the Listing Rules and the Sustainability Reporting Guide (as detailed in paragraphs 2.7 and 2.12 of Part II of the Consultation Paper) to incorporate the ISSB Standards in the SR Regime?

Please select one option:

- Yes
 No

Please give reasons for your view:

Our members agree with the proposal to incorporate the ISSB Standards i.e. IFRS S1 and S2 in the SR regime. Our preference is for IFRS S1 and S2 to be adopted at the same time, across all sustainability risk and opportunities. We understand however that there may be market readiness concerns which makes it preferable to only require reporting on climate-related risks and opportunities initially.

Non-climate disclosures: *Disclosure on sustainability topics including biodiversity and human capital are important for global investors subject to higher standards of disclosure in their home jurisdictions and also those investing sustainably. To this end, in Appendix 1 paragraph 3.5 Mainboard rules, Appendix 2 paragraph 3.5 Catalist rules, and wherever else in the listing rules that SGX deems suitable or appropriate, we would suggest the addition of ‘Issuers must report on climate-related disclosures, and are encouraged to report on other sustainability-related disclosures beyond climate-related disclosures, in accordance with the ISSB Standards, where practicable’. It would also be useful for the SGX to provide a timeframe for when the reporting of other sustainability matters will be made mandatory.*

Table of adoption: *For ease of reference, we would suggest that the Sustainability Reporting Guide provide description in tabular format of the applicable baseline reporting, the financial year in which the requirement commences, and the calendar year in which the reporting needs to be published.*

Materiality: *We would request the SGX to clarify whether all issuers are required to report on climate even if an issuer determines that climate risks and opportunities are immaterial to it.*

- (b) Do you agree that an issuer is only required to make a statement that its climate-related disclosures are in compliance with the ISSB Standards as applicable for climate-related disclosures in its sustainability report from the financial year commencing on or after 1 January 2027? Do you agree that in the interim, an issuer should describe in its disclosures that its climate-related disclosures are prepared with reference to the ISSB Standards?

Please select one option:

- Yes
 No

Please give reasons for your view:

Our members would encourage issuers to prepare climate-related disclosures according to ISSB Standards as soon as possible given some form of climate reporting has already been introduced, albeit on a ‘comply or explain’ and phased-in basis. In the region, we understand that the Hong Kong Exchange is also expected to adopt ISSB Standards in relation to climate-related disclosures from the financial year 2025. Alignment ensures that Singapore-listed issuers can be more consistently compared against regional and international peers.

We note that the proposal requires compliance with the standards for the financial year commencing on or after 1 January 2027 (FY2027), being 2 years after the proposed initial adoption in FY2025 and 3 years after the ISSB Standards’ effective date of 1 January 2024. Some of our members believe that the ISSB Standards already provide sufficient transitional relief regarding disclosures i.e. allowing reporting entities to make climate-related disclosures only in the first annual reporting period that they comply with the standards. Given the FY2025 and relief provided, these members believe that issuers should already be in a position to comply with the ISSB Standards at least in relation to climate-related disclosures for FY2025 and at a similar level of confidence as expected by exchanges of comparable jurisdictions.

Our members generally support the adoption of a liability framework that provides meaningful protection from legal liability for disclosures provided in good faith as standards continue to evolve. If the SGX is inclined to proceed with the proposed two-stage adoption approach, it will be important that the SGX provides guidance on the definition of and its expectations around ‘with reference to’ the ISSB Standards, and how this differs from ‘in compliance with’ the ISSB Standards. It may be inferred that ‘in compliance with’ is equivalent to requiring external limited assurance, and the proposed timeline would align with SRAC’s recommendation for external limited assurance on Scope 1 and Scope 2 GHG emissions for issuers from FY2027. We would note that a statement that an issuer’s climate-related disclosures are in compliance with the ISSB Standard could be confused with the broader “Statement of Compliance” specified in IFRS S1. Accordingly, we request SGX to clarify what it means to make a statement that the climate-related disclosures are in compliance with the ISSB standards.

Question 2: Primary Components: ‘Comply or Explain’ Basis to Mandatory Basis

Do you agree that the SR Regime for reporting on the primary components of a sustainability report should be enhanced from a ‘comply or explain’ basis to a mandatory basis?

Please select one option:

- Yes
 No

Please give reasons for your view:

We are supportive of the primary components of a sustainability report being upgraded from a ‘comply or explain’ to a mandatory basis to further enhance the quality and credibility of disclosures. Initially, a “comply or explain” regime is useful to better encourage adoption of sustainability disclosures, but once issuers’ determinations of whether to comply or explain evolves as standards and methodologies mature and become more widely adopted, as well as when reporting infrastructure becomes more well-developed, it is important to move to a mandatory basis.

Question 3: Reporting Timeframe

Do you agree that the sustainability report should be issued together with the annual report from the financial year commencing on or after 1 January 2026? Do you agree that the first sustainability report for a newly listed issuer should be in respect of its first full financial year after listing?

Please select one option:

- Yes
 No

Please give reasons for your view:

Decision-useful data from the sustainability report may be used to inform investors' investment decisions, including those which require voting at the annual general meeting. We agree that the release of the sustainability report should be aligned with the annual report, with a one-year (temporary) transition relief of this requirement aligning with the relief provided by ISSB.

We agree that the first sustainability report for a newly listed issuer should be in respect of its first full financial year after listing. For the first year in which an issuer applies the ISSB standards, the international standards provide transition relief from providing comparative information. It would be useful however, if newly listed issuers are encouraged to provide prior year data (which would incorporate information for the period immediately after listing), to make the disclosures comparable.