

**Intergovernmental Working Group of Experts on International
Standards of Accounting and Reporting
(ISAR)**

**38th SESSION
9 – 12 November 2021**

Thursday, 11 November 2021

**Agenda item 3. Review of practical implementation, including
measurement, of core indicators for entity reporting on the
contribution towards the attainment of the Sustainable
Development Goals**

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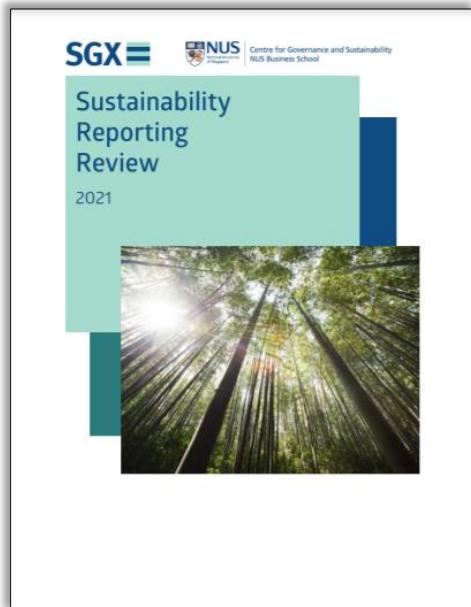


Sustainability Reporting in Singapore – State of Play

UNCTAD ISAR 38th Session
11 November 2021

Current status of sustainability reporting in Singapore

Sustainability reporting is mandatory only for listed companies in Singapore



99.5% of listed issuers had released their SRs as at 31 December 2020

GRI remains the most popular choice of framework at **99%** adoption

2.8% of issuers obtained external assurance;

ISAE 3000 (Revised) is most commonly used

61% made disclosures related to the **pandemic**

$\frac{1}{3}$ disclosed **climate change** as a material ESG topic

Challenges faced in adopting sustainable practices

99% of the **281,000** enterprises in Singapore in 2020 are SMEs

Financial resources



- Sustainability is not a priority compared to other areas deemed critical for survival, i.e. other competing demands for financial resources
- Lack of appreciation for the benefits of sustainability and its related opportunities. Even if they see value, SMEs will likely face constraints with financial resources
- Lack of a single globally adopted sustainability reporting framework to focus upskilling efforts

Capacity building



There is a need to build further capability in the following groups...

- Directors
- Preparers of SRs
- Providers of external assurance

... in the following areas

- Sustainability processes
- Scenario analysis
- Preparation and review of SRs
- Sustainability assurance

Government policy

- Singapore is feeling the impact of climate change and global warming
- In 2019, Prime Minister Lee Hsien Loong highlighted the importance of preparations for climate change – estimating costs of \$100 billion or more
- Sustainability is an important focus of the Singapore Government's agenda:

Introduction of carbon tax w.e.f. 2019

Government is prepared to spend the carbon tax revenues to help companies invest in energy- and carbon-efficient technologies



Singapore's Budget 2021

Sustainability features prominently

Green finance is an important enabler for sustainability efforts – up to S\$19 billion green projects identified to be financed with green bonds as a start

Whole-of-society effort with the public sector taking the lead



Green Finance Industry Taskforce

To help accelerate the development of green finance through four key initiatives:

- i. develop a taxonomy for green and transition activities
- ii. enhance environmental risk management practices of FIs
- iii. improve disclosures
- iv. foster green finance solutions



Government policy – Singapore Green Plan 2030

- Whole-of-nation movement to help transform Singapore into a glowing global city of sustainability
- Strengthening commitments under UN's 2030 Sustainable Development Agenda and Paris Agreement
- Targets charted over the next 10 years across five pillars:

City in Nature

Energy Reset

**Green
Economy**

Resilient Future

**Sustainable
Living**

- Includes the GreenGov.sg initiative, under which the public sector will strive to attain ambitious sustainability targets in carbon abatement and resource efficiency and be a positive influence and enabler of green efforts

We believe the Government's initiatives will:

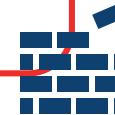
- Cascade down the business ecosystem and impact SMEs and family-owned businesses
- Kickstart the sustainability reporting journey of local companies as they develop sustainable practices

Government support

Enterprise Singapore –
government agency championing enterprise development

To integrate sustainability into the business

- **Enterprise Sustainability Programme** supports Singapore companies to build capabilities and capture new opportunities in sustainability



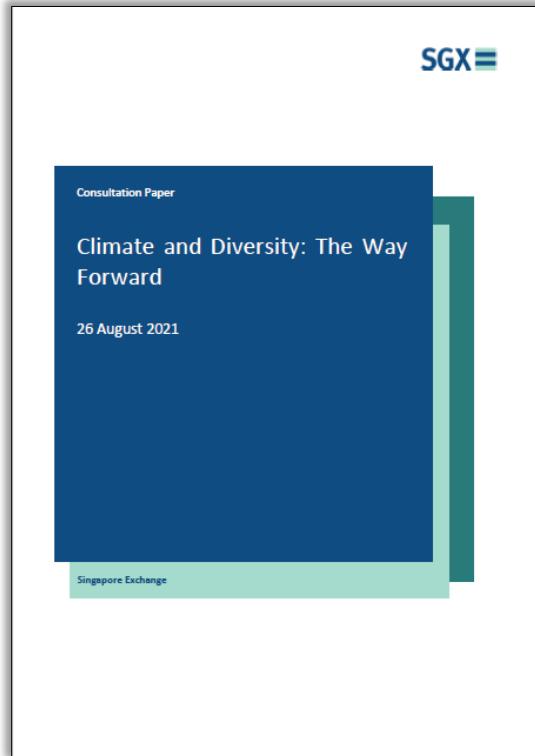
To obtain green finance

- **Enterprise Financing Scheme - Green Scheme** enables better access to green finance for enterprises that develop enabling technologies and solutions
- **Green and Sustainability-Linked Loans Grant Scheme** aims to support corporates in accessing financing as they invest in green projects, and move towards more sustainable business models

Monetary Authority of Singapore –
central bank and integrated financial regulator

Alleviates resource constraints and helps build capacity

Proposed mandatory climate reporting for listed companies



Singapore Exchange Regulation's
Public Consultation on Climate
and Diversity (Sep 2021)

SGX=

Climate reporting

- Proposed a roadmap for climate-related disclosures to be made mandatory in SRs
- Disclosures proposed to be made based on the TCFD Recommendations



Sustainability assurance

- Proposed to require issuers to subject their SRs to assurance by their internal auditors.
Issuers may also choose to have their SRs externally assured

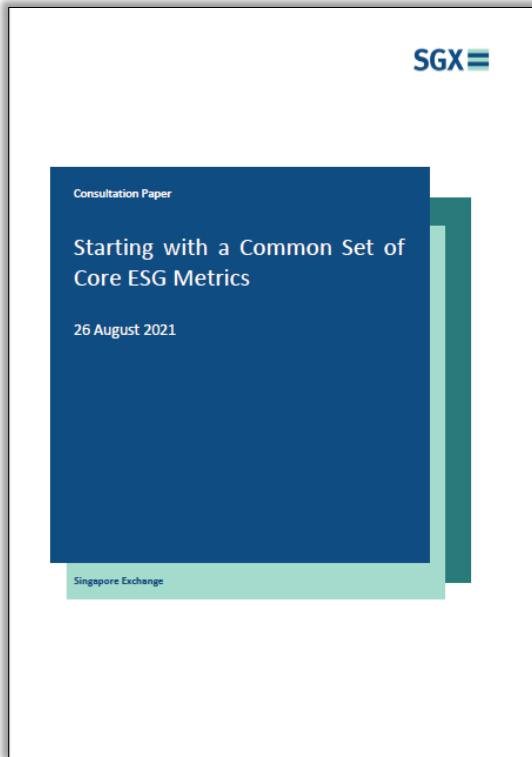


Board diversity

- Proposed requirements for a board diversity policy and disclosures in annual reports



Proposed mandatory climate reporting for listed companies (cont'd)



Singapore Exchange Regulation's
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Non-mandatory list of 27 ESG metrics

- Can serve as a good starting point for issuers in their reporting of material ESG factors
- Relevant to most sectors and are rooted in the reality of the current reporting landscape

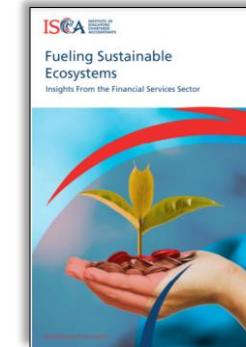


Data portal where investors can access issuers' reported ESG data

- Issuer-focused features for streamlined data input and upload and sustainability report generation
- Investor-focused features for quality structured database to allow for effective investment decisions



ISCA's sustainability initiatives



ISCA's Sustainability and Climate Change Committee

- Comprises subject matter experts
- Terms of reference are to promote understanding and appreciation of the importance of sustainability and to advocate the accountant's role

Thank You



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