



As defined by the Brundtland Report of 1987, sustainability is meeting the needs of the present generation without compromising the ability of future generations to meet their needs. As responsible business owners and companies, we have to look beyond financial assessment when running businesses. Reports have also shown that companies which disclose their sustainability reports, increase the investor's confidence and values of the companies.

## Sustainability Reporting

The Singapore Stock Exchange (SGX) has issued a "Guide to Sustainability Reporting for Listed Companies" in 2011 and subsequently on 5 January 2016, a consultation paper was issued on "Sustainability Report: Comply or Explain", where primary listed issuers on both SGX Mainboard and Catalyst need to issue their sustainability report on a comply or explain basis from financial year ending on or after 31 December 2017. The affected issuers must issue their Sustainability Report on an annual basis within 5 months of the end of their financial year.

## 5 Primary Components

SGX has proposed 5 Primary Components to be included in the Sustainability Report:

### Material ESG Factors

- Identify material environment, social and governance (ESG) factors
- Describe the reasons for and process of selection

### Policies, Practices and Performance

- Set out issuer's policies, practices and performance in relation to ESG factors
- Provide descriptive and quantitative information on each identified ESG factors
- Performance described the context of previously disclosed targets

### Targets

- Set out issuer's targets for forthcoming year in relation to the ESG factors

### Sustainability Reporting Framework

- Select and state the reasons for selecting a framework to guide its reporting and disclosure
- Selected framework should be appropriate to the business model and industry

### Board Statement

- Board needs to state that it complies with these primary components or described and explained the issuer's alternative practices

SGX has further suggested the phased implementation approach

Primary Component	Phase 1	Phase 2	Phase 3
<b>Material ESG Factors</b>	Identify 4 most critical factors	Review, assess and identify 3 more factors	Review and assess all 7 factors
<b>Policies, Practices and Performance</b>	<ul style="list-style-type: none"> <li>• Minimal description of how issuer manages these factors</li> <li>• No previous target for comparison</li> <li>• One metric per factor</li> <li>• Plans for improved reporting</li> </ul>	<ul style="list-style-type: none"> <li>• Includes specific policies and practices for each factor</li> <li>• Quantitative metric and qualitative description for each factor</li> <li>• Compare and disclose reason for the differences</li> </ul>	<ul style="list-style-type: none"> <li>• Includes specific policies and practises for each factor</li> <li>• Quantitative metric and qualitative description for each factor</li> <li>• Compare and disclose reason for the differences</li> </ul>
<b>Targets</b>	Qualitative commitments, if no quantitative targets	Short and long term qualitative targets and some quantitative targets	<ul style="list-style-type: none"> <li>• Short and long term qualitative and quantitative targets.</li> <li>• Include peer/sector benchmark</li> <li>• Link to KPIs</li> </ul>
<b>Sustainability Reporting Framework</b>	In line with suitable international framework	Follow suitable international framework	In line with suitable international comprehensive framework
<b>Board Statement</b>	Compiled	Compiled	Compiled

## How Can Nexia TS Help You

- Facilitate workshops for issuers/companies/business owners to better understand the Sustainability Reporting project
- Assist issuers to identify a suitable international Sustainability Report framework, identifying the relevant ESGs and evaluating the ESGs (quantitative and qualitative)
- Assist in drafting the Sustainability Report based on the international framework identified and the recommended approach guidelines by SGX

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