

Client Update: Singapore

2024 MARCH

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Mandatory Climate Reporting for Listed Issuers from FY 2025, and Large Non-Listed Companies to Follow from FY 2027

Introduction

On 28 February 2024, the Accounting and Corporate Regulatory Authority ("**ACRA**") and Singapore Exchange Regulation ("**SGX RegCo**") announced details of mandatory climate-related disclosure ("**CRD**") for:

- (1) issuers listed on the Singapore Exchange Securities Trading Limited ("**SGX-ST**") ("**listed issuers**") from financial year ("**FY**") **2025**; and
- (2) large non-listed companies limited by shares with annual revenue of at least S\$1 billion and total assets of at least S\$500 million ("**Large NLCos**") (unless exempted) from **FY 2027**,

as part of a finalised climate reporting and assurance implementation roadmap set out in the Response paper (available [here](#)). This is following consultations on the recommendations from the Sustainability Reporting Advisory Committee ("**SRAC**") (to read more, refer to our earlier Legal Update [here](#)).

SGX RegCo is separately conducting a public consultation on its proposals on the amendments to the listing rules of the SGX-ST ("**Listing Rules**") to implement the above recommendations, as set out in its Consultation Paper on "[Sustainability Reporting: Enhancing Consistency and Comparability](#)" issued on 7 March 2024. The consultation closes on **5 April 2024**.

This Update provides a snapshot of the upcoming and/or anticipated key mandatory climate reporting requirements for listed issuers and Large NLCos.

Listed Issuers

Timeline	Finalised Recommendations from SRAC
From FY 2025	<ul style="list-style-type: none">• Report International Sustainability Standards Board ("ISSB")-aligned CRD aligned with the ISSB standards as applicable, including Scope 1 & 2 greenhouse gas ("GHG") emissions, reliefs given.• Form of CRD: To be included (a) in a separate report (and published at the same time as the annual report); or (b) as part of the annual report.



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Timeline	Finalised Recommendations from SRAC
From FY 2026	<ul style="list-style-type: none"> Report on applicable categories of Scope 3 GHG emissions.
From FY 2027	<ul style="list-style-type: none"> Obtain external limited assurance for Scope 1 & 2 GHG emissions. External assurance must be provided by a registered climate auditor ("Registered Climate Auditor"), which can be either an ACRA-registered audit firm or a Singapore Accreditation Council-accredited Testing, Inspection, Certification firm.

Large NLCos

Timeline	Finalised Recommendations from SRAC
From FY 2027	<ul style="list-style-type: none"> Report ISSB-aligned CRD, including Scope 1 & 2 GHG emissions, reliefs given. <p><u>Exemptions / Transitional provisions:</u></p> <ul style="list-style-type: none"> Large NLCos are exempted from mandatory reporting if: (a) its immediate, intermediate or ultimate parent (local or foreign) is minimally preparing climate or sustainability reports in accordance with prescribed CRD in Singapore or deemed equivalent (the European Sustainability Reporting Standards (ESRS)); and (b) its activities are included in that parent's report, which is available for public use. For a transitional period of three years (FY2027 to FY2029, both years inclusive), Large NLCos that prepare CRD using other international standards and frameworks such as Task Force on Climate-related Financial Disclosures (TCFD) and Global Reporting Initiative (GRI) are exempted from reporting using the local reporting standards.
From FY 2029	<ul style="list-style-type: none"> Obtain external limited assurance for Scope 1 & 2 GHG emissions (unless the Large NLCo is already exempted from reporting). External assurance must be provided by a Registered Climate Auditor.
No earlier than FY 2029	<ul style="list-style-type: none"> Report Scope 3 GHG emissions. ACRA will determine the exact timing after reviewing the reporting experience of listed issuers and will provide at least two years' notice for preparation. Large NLCos are encouraged to make necessary preparations and voluntarily report Scope 3 GHG emissions in anticipation of increasing market pressure on companies to make such disclosures.

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Other Non-Listed Companies

ACRA and SGX RegCo will conduct a review around 2027 to consider whether the mandatory climate reporting should be expanded to other NLCos by around FY2030.

Reporting and Filing Timelines and Requirements

The reporting and circulation of CRD will follow existing reporting and filing timelines for financial statements in the Companies Act 1967 (including mechanism for extension of time).

Other Legal Requirements

The existing legal requirements related to financial reporting will be imposed on climate reporting, except for internal controls that should be encouraged. The internal controls requirement will be reviewed when ACRA and SGX RegCo consider expanding the scope of mandatory assurance.

Companies, their directors and/or officers will be required by law to ensure that the legal requirements for CRD reporting are complied with. Legal requirements include:

- Keeping of CRD records;
- Circulating CRD, climate auditor's report and director's statement to members in a timely fashion, and tabling such documents for approval at the Annual General Meeting;
- Filing of the CRD, climate auditor's report and/or director's statement with the relevant regulator(s);
- Voluntary revision of defective CRD and, as a safeguard, to table the revised CRD at the next general meeting after the revision date; and
- Appointment of independent and competent external climate auditors.

Companies that are not subject to mandatory reporting can voluntarily file their climate reporting if they have prepared it in accordance with the prescribed CRD. The applicable legal requirements will apply upon filing.

Additional Salient Points from SGX RegCo's Consultation (For Listed Issuers Only)

SGX RegCo is considering enhancing the sustainability reporting regime under the Listing Rules from a "comply or explain" basis to a mandatory basis. As for the reporting timeframe, SGX RegCo is proposing requiring listed issuers to:

- For FY 2025, issue the sustainability report according to current timelines; and
- From FY 2026, issue the sustainability report together with the annual report.

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For a newly listed issuer, the first sustainability report issued would be in respect of its full FY after listing, and the timeline to issue the sustainability report would be that prevailing for that FY.

For now, SGX RegCo will not propose mandating digital filing of CRD because the developments in these areas are new and will work with the relevant regulators on the filing process.

SGX RegCo also currently does not propose to mandate external assurance but will review the developments at a future date.

Our Comments

The recently concluded United Nations Framework Convention on Climate Change COP28 spelt out the urgent need to speed up climate action that limits average global temperature rise from reaching 1.5°C. Accountability and shared responsibility from the private sector are emphasised as elements to secure a liveable and sustainable future for all. Jurisdictions elsewhere such as the United States and the United Kingdom, and more proximally, Malaysia and the Philippines are at different phases of mandating climate-related disclosure for companies, which means that companies could be held accountable for their contribution in the face of climate change whether directly or through their value chains. The disclosure exercise provides valuable opportunity for companies to appraise their risks and opportunities in the transition towards a low-carbon economy and benefit from new collaborations, markets, and financing. The proposed amendments to the Listing Rules reflect a steady evolution of the sustainability reporting regime, as a response to rising demand from investors and capital markets for more consistent, comparable and verifiable information on sustainability-related risks and opportunities, and listed issuers must prioritise capacity building efforts to build the necessary skillsets to their responsiveness to change in this regard.

If you have any queries on the above development, please feel free to contact our team members below who will be happy to assist.

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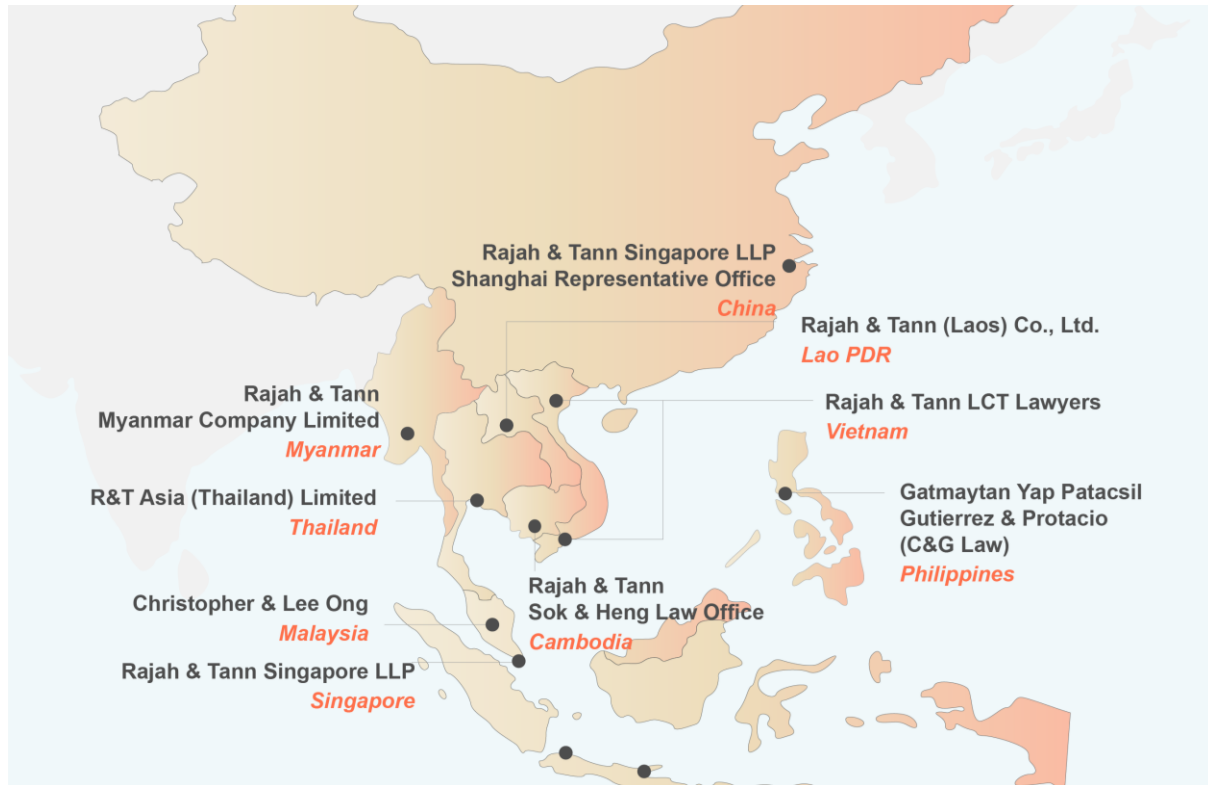
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