

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	Professional accounting organisation with significant Singapore-based membership

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.

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 with the elaboration in the Consultation Paper. Overall, having a common and standardised set of ESG metrics helps investors and many other users of the reports to understand and compare ESG performance of issuers across industries.

- (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 believe the list appropriately addresses the importance and ease of collection for the required metrics. We suggest the inclusion of the following additional metrics which we believe are important and not difficult to assess:

On Environment – percentage of water sourcing directly from distressed areas

On Governance – evaluation of the board (e.g., both internal and external evaluations, and when they are conducted).

We note that both regulatory expectations and available sources of guidance are by no means static and that over time, the volume, depth and comprehensiveness of ESG metrics will increase to meet investor and broader market expectations. The SGX’s Consultation Paper on *Climate and Diversity* cites IOSCO’s very active engagement in these developments and as recently as 8 September the UK FRC has raised concerns as to the quality of energy and emissions disclosures. These latter concerns are echoed in the TCFD’s [2020 Status Report](#) in which it raised concerns that companies’ disclosure of the potential financial impact of climate change remains low. This, in part, explains the TCFD’s endeavours around guidance on climate-related metrics and targets, which we highlighted in our response to the *Climate and Diversity* consultation paper.

Issuers will justifiably be concerned about their capacity to rapidly and effectively respond to these expectations. A fair and reasonable roadmap of disclosure transformation should be applied. We noted in our response to *Climate and Diversity* consultation paper that robust materiality assessments have an important role.

Finally, we commend the references made by SGX (para 2.5) to resources such as the World Economic Forum's [Measuring Stakeholder Capitalism: Towards Common Metrics and Consistent Reporting of Sustainable Value Creation](#). Prepared in collaboration with the 'Big 4', *Measuring Stakeholder Capitalism* provides a series of core and expanded metrics organised under four pillars - *Principles of Governance, Planet, People and Prosperity* - each cross-referenced to a well-established source, such as those of the GRI, IIRC, SASB and TCFD. Resources such as this provide a valuable pathway to impactful disclosures beyond a mere 'tick-the-box' exercise. We also note the growing number of references to the 17 Sustainability Development Goals (SDGs) in listed company disclosures. The SDGs are used as an effective and valuable medium of communicating the broad approach to ESG challenges and opportunities, and 'sit behind' many of the metrics referenced by the WEF – particularly those of the GRI. We provide a [link](#) to a CPA Australia funded longitudinal study of ASX 150 SDG disclosures which contains a number of examples of best practice.

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:

The proposed ESG data portal helps align the consistency, comparability and useability of sustainability related reports. We encourage the SGX to adopt the flexibility to accept all metrics from issuers. We do not recommend that the ESG portal only allow specific metrics to be uploaded.

- (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:

While this feature may help smaller issuers to begin sustainability reporting, it is our view that the format, presentation style and content of sustainability reports reflect how issuers consider the topics of ESG and sustainability. The ESG portal can help issuers generate industry-specific ESG information, which will be an important component of sustainability reports. However, we do not encourage the SGX to promote its ESG portal as the primary tool for generating sustainability report.

- (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:

The reasons for doing so are well elaborated in the consultation paper. Overall, we believe that this is a global trend and should help accelerate the research and analysis of sustainability disclosures and performance of companies and industry globally. Ensuring data protection and cybersecurity will be a major challenges for the ESG portal.