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## Regulatory Announcement

6 May 2015

### SGX PROGRESSES ON SUSTAINABILITY REPORTING

Singapore Exchange (SGX) announced plans to increase the transparency of governance with sustainability reporting on a “comply or explain” basis”. This move also recognises increased global interests on sustainability issues. SGX is starting with a consultation exercise for “comply or explain” sustainability reporting with its listed companies. Information received through this exercise will be used to develop a new listing rule and to review the existing Guide to Sustainability Reporting for Listed Companies (the “Guide”).

As an international financial centre, Singapore is widely recognised for high corporate governance standards and practice. Expanding the coverage of reporting to include environmental and social aspects of businesses will further enhance disclosure and transparency to investors. Sustainability reports complement financial reports to give investors an appreciation of the long-term value of the company. For example, companies that pollute the environment, or create products with potentially negative effects on society, run the risk of incurring high remedial costs.

SGX is inviting inputs from all stakeholders to gain a better understanding of the company practices and readiness for improvement, as well as investor needs and expectations. Mr Magnus Böcker, Chief Executive Officer, SGX added, “There has been a growing momentum of sustainability reporting by investors and shareholders globally. To do this right, we are open to feedback throughout the exercise as we seek to write new Listing Rules and a Guide that is well understood and beneficial to all users. We believe that greater transparency from listed companies will attract investors and empower them to make more informed decisions.”

#### Development of the Consultation Exercise

**Listed Companies** - The consultation exercise begins in May 2015 with a survey of listed companies and a series of focus group engagements to understand the current sustainability reporting practices and readiness of listed companies.

**Institutional Investors and Professionals** - Subsequently, SGX will reach out to institutional investors and sustainability professionals in consideration of reviewing the Guide which was first introduced in 2011.

**Investing Public** – As a final point to the consultation exercise, SGX will seek the views of all stakeholders, including the investing public, via a “public consultation” on the Listing Rule and reviewed Guide.

SGX will engage the public regularly, providing updates and raising topics for discussion and feedback. Given the breadth of the exercise, SGX anticipates submitting the proposed Listing Rule and reviewed Guide for regulatory approvals by end of 2015, with a view to target implementation for Financial Year 2017.

The Survey will be available on SGX’s [“Consultation and Publications”](#) web page by end of this week.

## NOTES

1. Singapore Exchange's Guide to Sustainability Reporting for Listed Companies can be found at [http://rulebook.sgx.com/net\\_file\\_store/new\\_rulebooks/s/g/SGX\\_Sustainability\\_Reporting\\_Guide\\_and\\_Policy\\_Statement\\_2011.pdf](http://rulebook.sgx.com/net_file_store/new_rulebooks/s/g/SGX_Sustainability_Reporting_Guide_and_Policy_Statement_2011.pdf)
2. A transcript of the speech made by Magnus Böcker in October 2014 can be found at [http://sgx.com/wps/wcm/connect/sgx\\_en/home/highlights/speeches/Sustainability-Reporting-SINGAPORE-COMPACT-CSR-SUMMIT-17-Oct-2014](http://sgx.com/wps/wcm/connect/sgx_en/home/highlights/speeches/Sustainability-Reporting-SINGAPORE-COMPACT-CSR-SUMMIT-17-Oct-2014)
3. Sustainability reporting refers to the publication of environmental, social and governance (ESG) information in a comprehensive and strategic manner that reflects the activities and outcomes across these three dimensions of an organisation's performance.
4. The Singapore Code of Corporate Governance (the "Code"), which is applicable to listed companies on a "comply or explain" basis, sets a high standard of corporate governance in Singapore. Principle 1 of the Code states that the Board is collectively responsible for the long-term success of company. Guideline 1.1 of the Code further elaborates that the Board's role includes a consideration of sustainability issues, e.g. environmental and social factors, as part of its strategic formulation.

END

## **About Singapore Exchange (SGX)**

Singapore Exchange (SGX) is the Asian Gateway, connecting investors in search of Asian growth to corporate issuers in search of global capital. SGX represents the premier access point for managing Asian capital and investment exposure, and is Asia's most international exchange with about 40% of companies listed on SGX originating outside of Singapore. SGX offers its clients the world's biggest offshore market for Asian equity index futures, centred on Asia's three largest economies – China, India and Japan.

In addition to offering a fully integrated value chain from trading and clearing, to settlement and depository services, SGX is also Asia's pioneering central clearing house. Headquartered in Asia's most globalised city, and centred within the AAA strength and stability of Singapore's island nation, SGX is a leading Asian counterparty for the clearing of financial and commodity products.

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