ACRA
ACCOUNTING AND CORPORATE REGULATORY AUTHORITY

SGXFIRST

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Turning Climate Ambition into Action in Singapore

- Response to the Public Consultation on Sustainability Reporting Advisory Committee's Recommendations

Contents

Glossary of Terms

Term	Definition
ACRA	Accounting and Corporate Regulatory Authority
CA	Companies Act 1967
CPE	Continuing Professional Education
CRD	Climate-related disclosures
ESG	Environmental, Social and Governance
ESRS	European Sustainability Reporting Standards
EU	European Union
FY	Financial year
GHG	Greenhouse gas • Scope 1 emissions are direct emissions from owned or controlled sources. • Scope 2 emissions are indirect emissions from the generation of purchased energy. • Scope 3 emissions are all indirect emissions (not included in Scope 2) that occur in the value chain of the reporting company, including both upstream and downstream emissions.
GRI	Global Reporting Initiative Standards
IAASB	International Auditing and Assurance Standards Board
IEC	International Electrotechnical Commission
IESBA	International Ethics Standards Board for Accountants
IFRS	International Financial Reporting Standards
ISSA 5000	IAASB's International Standard on Sustainability Assurance, *General Requirements for Sustainability Assurance Engagements*
ISO	International Organization for Standardization
ISSB	International Sustainability Standards Board
ISSB Standards	Standards issued by the ISSB in June 2023, comprising: • IFRS S1 *General Requirements for Disclosure of Sustainability-related Financial Information* • IFRS S2 *Climate-related Disclosures*
Limited Assurance Reasonable Assurance	Primarily includes procedures such as inquiries and analytical procedures, and does not necessarily include a consideration of whether internal controls have been effectively designed. The conclusion is usually provided in a negative form of expression (e.g., "nothing has come to our attention…"). Entails extensive procedures, which may include consideration of internal controls and tests of details. The conclusion is usually provided in a positive form of expression (e.g., "in our opinion, the subject matter information presents fairly…").
Listed Issuers	Issuers of equity securities listed on Singapore Exchange Securities Trading Limited, comprising Singapore-incorporated and foreign-incorporated companies, business trusts, investment funds (excluding exchange traded funds) and real estate investment trusts
NLCos	Non-listed companies
SAC	Singapore Accreditation Council
SGX Group	Singapore Exchange
SGX RegCo	Singapore Exchange Regulation
SMEs	Small and Medium Enterprises
SRAC	Sustainability Reporting Advisory Committee
SS ISO 14064-3	Singapore Standard on Greenhouse gases Part 3: *Specification with guidance for the verification and validation of greenhouse gas statements*
TCFD	Task Force on Climate-related Financial Disclosures recommendations
TIC firms	Testing, Inspection, Certification firms refers to third party entities that provide testing, inspection or certification services to provide assurance on the quality of products and services against regulatory or industry standards.
UK	United Kingdom
$	Refers to Singapore dollars, unless otherwise stated

Executive Summary

Background

As the global momentum for bolder climate action intensifies, companies are facing increasing scrutiny to decarbonise and transition towards more sustainable practices. Those who are able to demonstrate through climate-related disclosures based on internationally recognised standards, that they are ahead in their decarbonisation journeys stand to benefit from access to new markets, customers, and financing. Conversely, companies slow to act risk losing out to competitors and facing exclusion from value chains for not adequately addressing climate risks.

ACRA and SGX RegCo set up the SRAC to help develop a roadmap that aims to uphold Singapore's attractiveness as a global business hub while contributing to the national agenda on sustainable development under the Singapore Green Plan 2030. In July 2023, ACRA and SGX RegCo issued a public consultation on the recommendations of the SRAC to advance climate reporting in Singapore for both Listed Issuers and non-listed Singapore companies.[1] The public consultation concluded in September 2023.

International Developments

Recently, Hong Kong and Australia have finalised their positions on mandatory climate reporting, taking reference from the ISSB Standards, following their public consultations. Hong Kong plans to mandate CRD for its listed issuers based on its version of the ISSB Standards from FY2025.[2] Australia is consulting on a draft legislation to require ISSB-aligned climate reporting by listed issuers and NLCos of certain size, with the first batch of companies reporting from 2024-2025 onwards.[3]

The Philippines has concluded its consultation on requiring its listed issuers to comply with the revised Sustainability Reporting Guidelines which incorporates the ISSB Standards from FY2024.[4] Malaysia's Advisory Committee on Sustainability Reporting is consulting on mandating use of the ISSB Standards for Main Market listed issuers from FY2025. This may be extended to include ACE Market listed issuers and large NLCos of

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[1] For more details, please refer to Public Consultation on Turning Climate Ambition into Action in Singapore- Recommendations by the SRAC, July 2023.

[2] The Stock Exchange of Hong Kong Limited: Consultation Paper on Enhancement of Climate Disclosure under its ESG Framework, April 2023; Update on Consultation on Enhancement of Climate Disclosures under ESG Framework, November 2023.

[3] Australian Government, The Treasury – Climate-related financial disclosure - Consultation paper, June 2023; Climate-related financial disclosure: exposure draft legislation, January 2024.

[4] Securities and Exchange Commission Philippines, Request for Comments on the Draft Memorandum Circular on the Revised Sustainability Reporting Guidelines for Publicly Listed Companies, October 2023; Implementation of the Revised Sustainability Reporting Guidelines, December 2023.

certain size from FY2027.[5] The UK Financial Conduct Authority targets to consult on UK-endorsed ISSB Standards for listed companies in the first half of 2024, with a view to bring the requirements into force from FY2025.[6]

There is also broad support for the ISSB Standards.

- In July 2023, the International Organization of Securities Commissions endorsed the ISSB Standards and urged its members to consider ways to incorporate these standards into their respective regulatory frameworks, aiming to achieve consistency and comparability of sustainability-related disclosures worldwide.[7]

- At COP28, close to 400 organisations signed a Declaration of Support for the ISSB Standards, including corporate membership groups, investor groups managing over US$120 trillion in assets under management, individual stock exchanges, and stock exchange associations. This signifies a strong global commitment to high-quality and consistent sustainability disclosures.[8]

Public Feedback

We received 182 responses to the public consultation, of which a majority came from companies. The remaining responses came from service providers, users of CRD, individuals, standard setters and non-profit organisations. These include responses from 20 trade associations and chambers and professional bodies, representing the respective stakeholder groups.

A majority of respondents supported all SRAC recommendations, including to mandate climate reporting on Listed Issuers and NLCos in phases using local reporting standards mirroring (baseline) ISSB Standards, and to mandate external limited assurance on Scope 1 and 2 GHG emissions.

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[5] Securities Commission Malaysia: Advisory Committee on Sustainability Reporting invites public feedback on proposed use of ISSB Standards in Malaysia, February 2024.

[6] UK Financial Conduct Authority: Primary Market Bulletin on the ISSB Standards, August 2023.

[7] IOSCO: IOSCO endorses the ISSB's Sustainability-related Financial Disclosures Standards, July 2023. IOSCO is the international body that brings together the world's securities regulators. It develops, implements, and promotes adherence to internationally recognised standards for securities regulations.

[8] IFRS Foundation: COP28 Declaration of Support, December 2023.

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Response to Public Consultation

After careful consideration of the feedback, ACRA and SGX RegCo have accepted SRAC's recommended roadmap with some refinements. The finalised climate reporting and assurance roadmap is summarised below and detailed in the next section.

(a) Mandatory reporting of ISSB-aligned CRD, including Scope 1 and 2 GHG emissions. From FY2025, all Listed Issuers will have to report and file CRD, including Scope 1 and 2 GHG emissions. From FY2027, large NLCos with annual revenue of at least $1 billion and total assets of at least $500 million (Large NLCos) will be required to do the same. ACRA will review around 2027 whether to extend the CRD reporting requirements to smaller NLCos. Sufficient notice will be given to companies to prepare for the new requirements.

(b) Mandatory reporting of Scope 3 GHG emissions. Listed Issuers will be required to report Scope 3 GHG emissions from FY2026. Large NLCos will **not** be required to report Scope 3 GHG emissions any time earlier than FY2029. The timing for Large NLCos will be confirmed after ACRA has reviewed the reporting experience of Listed Issuers. ACRA will provide at least two years' notice for Large NLCos to prepare for the reporting.

(c) Requirements for external limited assurance. Listed Issuers will be required to conduct external limited assurance on their Scope 1 and 2 GHG emissions from FY2027, while Large NLCos will be required to do so from FY2029. Limited assurance has a lower level of assurance and involves fewer tests than that applied to statutory audits of financial statements.

Timeline for requirements	Listed Issuers	Large NLCos
ISSB-aligned CRD, including Scope 1 and 2 GHG emissions	FY2025	FY2027
Scope 3 GHG emissions	FY2026	No earlier than FY2029
External limited assurance on Scope 1 and 2 GHG emissions	FY2027	FY2029

The SRAC's recommendations accepted with refinements are as follows:

(a) Scope of NLCos required to report

Large NLCos will be required to report CRD according to ISSB-aligned local reporting standards (local reporting standards) and file with ACRA from FY2027.

In addition to the annual revenue criterion of $1 billion, the total assets criterion of $500 million will be used to determine whether NLCos are required to report CRD according to local reporting standards and file the CRD with ACRA from FY2027.

(b) Exemption from reporting for Large NLCos

Some companies have provided feedback that they are already reporting using other international standards and frameworks, to meet mandatory requirements of the jurisdictions that they operate in and/or to cater to their investors' information needs. To address this, ACRA will exempt large NLCos with parent companies that are reporting CRD, under the following circumstances:

- A large NLCo whose parent company reports CRD using ISSB-aligned local reporting standards or equivalent standards (e.g. ESRS) will be exempted from reporting and filing CRD with ACRA, subject to certain conditions[9]; and

- A large NLCo whose parent company reports CRD using other international standards and frameworks (e.g. GRI, TCFD), will be exempted from reporting and filing CRD with ACRA[9] for a transitional period of 3 years, from FY2027 to FY2029. ACRA will review whether to extend the transitional period, depending on global developments relating to the adoption and recognition of other standards and frameworks.

(c) Reporting of Scope 3 GHG emissions by Large NLCos

NLCos have highlighted challenges in gearing up for the reporting of Scope 3 GHG emissions, given their nascent stage of climate reporting. To address their concern, ACRA will confirm the timing after reviewing the reporting experience of Listed Issuers.

NLCos are however encouraged to ramp up their capabilities and voluntarily report Scope 3 GHG emissions in anticipation of heightening market pressure on companies to make such disclosures. NLCos with substantial activity in EU may also be subject to EU's sustainability reporting requirements from 1 January 2028, which requires Scope 3 GHG emissions disclosures[10].

[9] This is provided that the other conditions such as the Large NLCo's activities are included within the parent company's report, which is available for public use, are met.

[10] EU: Corporate Sustainability Reporting, February 2024.

Executive Summary

SGX RegCo will conduct a public consultation on the detailed listing rule amendments to implement the recommendations relating to Listed Issuers, including on requiring CRD based on the ISSB Standards from FY2025.

Refinements made after the public consultation are denoted in green.	
Companies Required to Report	
C1	(a) Mandate climate reporting on: (i) Listed Issuers from FY2025; and (ii) NLCos limited by shares with annual revenue of at least $1 billion **and total assets of at least $500 million (Large NLCos)** from FY2027, subject to the exemptions in Recommendation C2. (b) Conduct a review around 2027 to consider whether the mandatory climate reporting should be expanded to other NLCos by around FY2030.
C2	Large NLCos are exempted from mandatory reporting if: (a) its immediate, intermediate or ultimate parent (local or foreign)[11] is minimally preparing climate or sustainability reports in accordance with prescribed CRD in Singapore or deemed equivalent **(the 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 whose parents are reporting CRD using other international standards and frameworks such as TCFD and GRI are similarly exempted from mandatory reporting.**
C3	The annual revenue **and total assets** threshold for NLCo are measured using company-level financials, • unless the NLCo is a parent[11], • in which case, both criteria are measured based on group-level financials.
C4	The annual revenue **and total assets** threshold for NLCo are assessed based on the financials for two FYs immediately preceding the current FY, • unless the company (i) has not reached its third FY after incorporation, or (ii) is in the first or second FY when the proposed reporting obligations commence, • in which case, both criteria are assessed based on the current FY.
Reporting Standard	
D1	Climate reporting is prepared using the prescribed (baseline) CRD standards, which mirror the requirements in the ISSB Standards, to the extent practicable. **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 TCFD and GRI are exempted from reporting using the local reporting standards.**
D2	In respect of (temporary) transition reliefs in the ISSB Standards: (a) apply at least the same duration to all companies subject to mandatory reporting; (b) extend relief on Scope 3 GHG emissions for NLCos subject to mandatory reporting **until further notice**; and (c) review the application of ISSB Standards for disclosure of sustainability-related risks and opportunities beyond CRD a few years later.
D3	Allow disclosures in compliance with other standards and frameworks to be included in the same report if both conditions are met: (a) the standards and frameworks applied are prominently disclosed; and

[11] Determined according to the prescribed accounting standards in Singapore.

	(b) the additional disclosure does not contradict or obscure the information required by the prescribed CRD.
External Assurance	
E1	External Limited Assurance is obtained on Scope 1 and Scope 2 GHG emissions two years after mandatory reporting kicks in, i.e. • Listed companies from FY2027; and • **Large NLCos** subjected to mandatory reporting from FY2029.
E2	External Limited Assurance is provided by a registered climate auditor, which can be either an ACRA-registered audit firm or a SAC-accredited TIC firm.
E3	External Limited Assurance is conducted using either: (a) A Singapore standard equivalent to ISSA 5000; or (b) SS ISO 14064-3.
E4	To be registered as climate auditors, SAC-accredited TIC firms must meet similar requirements as ACRA-registered audit firms, except for quality management where they can obtain equivalent accreditation under ISO/IEC 17029 *Conformity assessment – General principles and requirements for validation and verification bodies*.
E5	To register as a qualified signing individual, one must be able to demonstrate practical experience and meet the CPE requirements.
E6	Allow for one-off transition of professionals with applicable or adjacent competencies to be signing individuals, namely: (a) Individuals equivalent to partner level currently providing sustainability assurance services under Carbon Pricing Act 2018; and (b) ACRA-registered public accountants that have passed the recognised bridging courses.
Reporting and Filing	
F1	The existing reporting and filing timelines for financial statements in the CA are applied to CRD, together with the mechanism to apply for extension of time.
F2	CRD is filed in a digital structured format to facilitate the consumption of data.
F3	Listed Issuers include CRD (a) in a separate report; or (b) as part of the annual report. If CRD is included in a separate report, both reports must be published at the same time.
Other Legal Requirements	
G1	The existing legal requirements related to financial reporting are imposed on climate reporting, except for internal controls that will be encouraged.
G2	Companies 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.
G3	Provide the mechanism for directors to voluntarily revise defective CRD, with the same safeguard as for financial reporting.

Feedback from Public Consultation

Companies Required to Report

Recommendation C1:
a) Mandate climate reporting on:
(i) Listed Issuers from FY2025; and
(ii) NLCos limited by shares with annual revenue of at least $1 billion from FY2027,

(b) Conduct a review in 2027 with a view to require climate reporting by NLCos limited by shares with annual revenue of at least $100 million to less than $1 billion, a few years later, by around FY2030, subject to the exemptions in Recommendation C2.

Feedback on (a): A large majority of respondents supported the move to mandate climate reporting on Listed Issuers and Large NLCos using a phased approach. To determine the scope of NLCos required to report, many respondents suggested including other criteria (e.g. total assets, number of employees) for a more comprehensive assessment and to align with other jurisdictions' practices.

Response: **Recommendation accepted, with refinements.** In response to the feedback to include other criteria, we will introduce total assets of $500 million as an additional size criterion, beyond annual revenue. We use total assets instead of the other criteria as it is readily available and consistently prepared by all companies in their financial statements.

Feedback on (b): While respondents acknowledged suitability of the factors[12] to be considered when deciding to expand the requirements to smaller NLCos, views on the appropriate timeframe to do so were diverse. Some respondents were supportive of the proposed timeline around FY2030 but expressed concern about the burden on smaller NLCos in terms of cost and manpower. Some other respondents suggested an accelerated timeline for NLCos to reflect the urgent need for climate action.

Response: **Recommendation accepted.** We will consider the feedback during the review which will be conducted around 2027.

[12] The factors proposed were international developments, industry capacity and implementation experience of Large NLCos.

Recommendation C2: NLCos will be exempted from mandatory reporting if:

(a) its immediate, intermediate or ultimate parent (local or foreign), determined according to the prescribed accounting standards in Singapore, is minimally preparing climate or sustainability reports in accordance with prescribed CRD in Singapore or deemed equivalent; and

(b) its activities are included in that parent's report, which is available for public use.

Feedback for Question C2.1: A large majority of respondents were supportive of the exemption. Some respondents sought clarity on the standards deemed equivalent and the exemption process.

Response: **Recommendation accepted, with refinements.** Today, global companies report using different or even multiple sustainability disclosure standards and frameworks, to meet mandatory reporting requirements of the jurisdictions that they operate in and/or cater to their investors' information needs. Recognising this, we will adopt the following treatment for Large NLCos in Singapore:

- A Large NLCo whose parent company reports CRD using ISSB-aligned local reporting standards or equivalent standards (e.g. ESRS) will be exempted from reporting and filing CRD with ACRA, as the ESRS[13] is considered equivalent to the ISSB Standards; and

- A Large NLCo whose parent company reports CRD using other international standards and frameworks (e.g. GRI, TCFD) will be exempted from reporting and filing CRD with ACRA for a transitional period of three years (FY2027 to FY2029, both years inclusive). ACRA will review whether to extend this transitional period, depending on global developments relating to the adoption and recognition of other standards and frameworks.

As international sustainability disclosure standards and frameworks are continually evolving, ACRA will issue guidance on the standards and frameworks deemed equivalent and those that will be accepted during the transitional period to guide implementation. The exemption pathways will be consulted during the CA Bill consultation.

[13] European Commission, European Financial Reporting Advisory Group and ISSB confirm high degree of climate-disclosure alignment, July 2023.

Feedback from Public Consultation

Feedback for Question C2.2: A majority of respondents preferred not to require exempted NLCos (with foreign parents) to report their GHG emissions to the local regulator. They said that doing so would defeat the spirit of the exemption. A majority of investors and lenders who responded also indicated they do not require such information.

Response: **This requirement will not be introduced,** in line with feedback.

> **Recommendation C3:** The revenue threshold for NLCo should be measured using company-level financials, unless the NLCo is a parent (according to the prescribed accounting standards in Singapore), in which case, revenue should be measured based on group-level financials.

Feedback: A large majority of respondents were supportive. Several respondents sought clarity on what constitutes 'group-level financials' in scenarios such as for NLCos exempt from preparing consolidated financial statements. They suggested allowing such NLCos to use company-level financials or a simple aggregation of revenue as a practical expedient.

Response: **Recommendation accepted, with refinements.** To align with changes made to Recommendation C1, this recommendation is also refined to include total assets, in addition to revenue. We will consider issuing guidance to provide more clarity on the implementation details.

> **Recommendation C4:** The revenue threshold for NLCo should be assessed based on the financials for two FYs immediately preceding the current FY,
> (a) unless the company (i) has not reached its third FY after incorporation, or (ii) is in the first or second FY when the proposed reporting obligations commence,
> (b) in which case revenue should be assessed based on the current FY.

Feedback: A large majority of respondents were supportive.

Response: **Recommendation accepted, with refinements.** To align with changes made to Recommendation C1, this recommendation is also refined to include total assets, in addition to revenue.

Feedback from Public Consultation

Reporting Standard

Recommendation D1: Climate reporting should be prepared using the local prescribed (baseline) CRD standards, which mirror the requirements in the ISSB Standards, to the extent practicable.

Feedback: A large majority of respondents supported this recommendation, citing that leveraging one global reporting standard improves consistency and comparability of CRD across different territories.

Those who disagreed, mainly company respondents, highlighted that they were reporting or will report using other international standards/frameworks such as ESRS, TCFD and GRI for purposes such as compliance with overseas regulations and/or to meet other stakeholders' information needs. They proposed to accept other standards in the interim.

Response: **Recommendation accepted, with refinements.** To address concerns raised, **as a transitional measure, Large NLCos that report CRD using other international standards and frameworks such as GRI and TCFD will be exempted from reporting using the local reporting standards for a transitional period of three years (FY2027 to FY2029, both years inclusive).** This will level the playing field with NLCos, whose parents are reporting using other international standards and frameworks, that are exempted from reporting and filing CRD with ACRA (see refinement made to Recommendation C2).

Recommendation D2: In respect of (temporary) transition reliefs in the ISSB Standards, we propose to:
(a) apply at least the same duration to all companies subject to mandatory reporting;
(b) extend two-year relief on Scope 3 GHG emissions for NLCos subject to mandatory reporting; and
(c) review the application of ISSB Standards for disclosure of sustainability-related risks and opportunities beyond CRD for all companies subject to mandatory reporting a few years later.

Feedback: A large majority of respondents supported this recommendation on the premise that transitional reliefs would allow companies to focus on basic disclosures, before tackling the more complex disclosures.

Most respondents that disagreed were NLCos. They asked for either no disclosure or a longer relief for Scope 3 GHG emissions disclosure, beyond the recommended two years. One respondent requested 'safe harbour' provision for forward-looking statements such as climate-related transition plans and scenario analyses which are subject to change and uncertainty.

Response: **Recommendation accepted, except for (b). Large NLCos will not be required to report Scope 3 GHG emissions any time earlier than FY2029. The timing will be determined after reviewing the reporting experience of Listed Issuers. At least two years' notice will be given to allow sufficient time for preparation.**

A 2023 study[14] revealed that among Listed Issuers that disclosed climate-related information for FY2022, 20% had reported their Scope 3 GHG emissions. Scope 3 GHG emissions reporting is important for understanding climate-related financial risks.

While the timing to report Scope 3 GHG emissions disclosures for NLCos will be confirmed later, NLCos should ramp up their capabilities now in anticipation of this requirement. The impetus to disclose Scope 3 GHG emissions is expected to increase over time. By preparing in advance, companies can stay ahead of the curve and start their decarbonisation journey early.

As indicated in the public consultation, under section 157C of CA, directors can rely on information and advice given by an employee, a professional adviser or expert, or any other director or committee of directors if he or she acts in good faith, makes proper inquiry, and has no knowledge that such reliance is unwarranted. This provision will apply to forward-looking disclosures too.

Recommendation D3: Allow disclosures in compliance with other standards and frameworks to be included in the same report if both conditions are met:

(a) the standards and frameworks applied are prominently disclosed; and

(b) the additional disclosure does not contradict or obscure the information required by the prescribed CRD.

Feedback: A large majority of respondents were supportive. These respondents saw this approach as practical and beneficial, removing the need to prepare multiple reports catering to different stakeholders.

[14] SGX Group and NUS Centre for Governance and Sustainability: Sustainability Reporting Review 2023, November 2023.

Response: **Recommendation accepted.**

External Assurance

Recommendation E1: External Limited Assurance should be obtained on Scope 1 and Scope 2 GHG emissions two years after mandatory reporting kicks in.

Feedback to Question E1.1: A large majority agreed with this recommendation, citing that external assurance plays an important role in enhancing stakeholders' confidence in CRD. Scope 1 and Scope 2 GHG emissions disclosures were generally straightforward to prepare[15] and audit for most companies as they arise from the company's own operations and there are established calculation protocols.

Several company respondents sought clarification on whether companies exempted from reporting will be exempted from assurance requirements.

Among respondents that are service providers or users of CRD, several suggested to delay external assurance and start with internal audit or wait until the draft ISSA 5000 is finalised. At the other end, several respondents called for mandatory external assurance to be implemented earlier, given the reliance on CRD by stakeholders.

Response: **Recommendation accepted.** As the draft ISSA 5000 will be finalised in 2024, companies have at least two years to improve their data collection process and become 'assurance ready', while the assurance providers gear up their assurance practices. NLCos exempted from reporting will be similarly exempted from the assurance requirement.

Feedback to Question E1.2: On the appropriate timeframe to progress towards reasonable assurance, the views were split. Many respondents suggested to mandate reasonable assurance over Scope 1 and Scope 2 GHG emissions two to three years after limited assurance requirements are implemented. Some respondents highlighted that more time would be needed for Scope 3 GHG emissions, given the associated challenges.[16]

[15] According to a 2023 study (State of climate reporting in Singapore) conducted by EY and CPA Australia, disclosures of Scope 1 and 2 GHG emissions in Singapore were quite advanced, with 75% and 83% of selected Listed Issuers disclosing Scope 1 and Scope 2 emissions, respectively.

[16] According to the EY Sustainable Value Study, the challenges in reporting Scope 3 emissions include the lack of reliable data, which is compounded in large, multi-level supply chains.

Response: We will monitor the implementation experience in more advanced jurisdictions[17] and consult before progressing towards reasonable assurance in the future.

Recommendation E2: External assurance should be provided by a registered climate auditor, which can be either an ACRA-registered audit firm or a SAC-accredited TIC firm.

Feedback to Question E2.1: A large majority of respondents supported this recommendation to widen the pool of climate auditors in Singapore. They also recognised the expertise and knowledge of both ACRA-registered audit firms and SAC-accredited TIC firms and agreed with the objective.

Those who disagreed have diverse views. Some respondents asked to broaden the pool further by including consultants, industry-specific certifiers and foreign audit firms. Several respondents asked to narrow the pool so that consistent standards and regulatory oversight can be applied to enhance the credibility and quality of the assurance process.

Response: **Recommendation accepted.** Consultants, industry-specific certifiers and foreign audit firms can apply to become ACRA-registered audit firms and/or SAC-accredited TIC firms. Alternatively, they can act as the experts for the climate auditor. ACRA and SAC will work together to apply consistent standards and regulatory oversight over the climate auditors.

Feedback to Question E2.2: On ways to enhance the availability of registered climate auditors, respondents suggested including non-accountants in the training and certification process. Several respondents also called for specialised training programs that delve deeper into the ISSB Standards for reporting, and the two acceptable assurance standards.

[17] Jurisdictions are mandating external assurance requirements to varying degrees:

a) In New Zealand, in-scope companies will need to obtain external limited assurance over Scope 1, 2 and 3 GHG emissions from October 2024.
b) In Australia, the first group of impacted companies will need to obtain external limited assurance of Scope 1 and 2 GHG emissions and reasonable assurance of governance disclosures beginning in 2024-2025. This would progress towards reasonable assurance of all climate disclosures from 2027-2028.
c) In the EU, external limited assurance requirements will be introduced prior to 1 October 2026, followed by reasonable assurance requirements prior to 1 October 2028. These requirements will be imposed on the entire sustainability report.

Response: The Ministry of Trade and Industry has formed the GSC[18] in collaboration with SkillsFuture Singapore to bolster the development of green skills in Singapore. A sub-workgroup, comprising preparers, assurance providers, institutes of higher learnings and professional bodies, has been set up to develop the skills plan for sustainability reporting and assurance, and also work with training providers to develop training programmes to meet the skills needs for these job roles.

In addition, the Institute of Singapore Chartered Accountants and the Law Society of Singapore have launched the Sustainability Apex Programme[19], to build capabilities to provide sustainability services and to facilitate cross-sectoral collaboration and knowledge-sharing among accounting and law firms. The programme provides a good platform for aspiring experts to broaden their knowledge in sustainability, strengthen networks, and engage in industry-led initiatives.

Recommendation E3: Assurance is to be conducted using either: (a) A Singapore standard equivalent to ISSA 5000; or (b) SS ISO 14064-3.

Feedback to Question E3.1: A majority of respondents supported this recommendation. The responses reflected the importance of using robustly set global assurance standards to deliver consistency in the assurance process. Several respondents proposed to align the key requirements in both standards to provide localised and standardised audit work.

Those who disagreed have diverse views:

- Some respondents called for other standards such as International Standard on Assurance Engagement (ISAE) 3000 *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and ISAE 3410 *Assurance Engagements on Greenhouse Gas Statements* to be accepted, given that ISSA 5000 is under development.

- Several respondents suggested to use a single (profession-agnostic) assurance standard such as ISSA 5000 to drive greater consistency.

[18] Ministry of Trade and Industry: New Green Skills Committee to support Skills Development for Green Jobs, November 2023.

[19] Institute of Singapore Chartered Accountants: ISCA and LawSoc Announces Partnership to Launch a 3-Year Sustainability Apex Programme for the Accountancy and Legal sectors, January 2024.

Response: **Recommendation accepted.** ISSA 5000 is expected to be the most comprehensive assurance standard for sustainability disclosures[20]. SS ISO 14064-3 is the identical national adoption of ISO 14064-3, which is an internationally recognised standard for verifying GHG statements. Accepting more than two assurance standards will lead to increased complexity and a lack of consistency in the assurance process.

Feedback to Question E3.2: On key differences between the two acceptable assurance standards, respondents highlighted that ISSA 5000 focuses on overarching principles and outcomes on a broad scope of sustainability assurance, while SS ISO 14064-3 is prescriptive, offering specific procedures for verifying and validating GHG emissions. Several respondents also stressed the importance of aligning the language and concepts in the assurance reports.

Response: We will study the standards and bridge critical gaps, if any, during the CA Bill consultation. We will also explore the feasibility of standardising the assurance report to enhance understanding of the audit work performed by all users.

Recommendation E4: To be registered as climate auditors, SAC-accredited TIC firms are required to meet similar requirements as ACRA-registered audit firms, except for quality management where they can obtain equivalent accreditation under ISO/IEC 17029 *Conformity assessment – General principles and requirements for validation and verification bodies*.

Feedback to Question E4.1: A large majority supported this recommendation. There is consensus that quality control management standards will help to ensure consistent delivery of robust audit work.

Those who disagreed have diverse views. Several respondents suggested that the registration of climate auditors should not be limited to SAC-accredited TIC firms and ACRA-registered audit firms. Several other respondents recommended having only one standard for quality management at a firm level, specifically SSQM 1, and highlighted the need to specify ethical and independence standards as well.

Response: **Recommendation accepted.** For suggestions to broaden the pool of registered climate auditors, see response to Question E2.1 above.

[20] IAASB: IAASB launches public consultation on landmark proposed global sustainability assurance standard, August 2023.

Feedback from Public Consultation

In January 2024, the IESBA issued an exposure draft on proposed ethics (including independence) standards[21], which provides a clear framework of expected behaviours and ethics provisions. This standard can be applied by all assurance practitioners, regardless of their professional backgrounds. In addition, the International Accreditation Forum announced its intention to stipulate to national accreditation bodies around the world that the IESBA's proposed standard be used when accrediting and authorising the related TIC firms.[22]

Feedback to Question E4.2: A majority of respondents do not regard ISO/IEC 17029 to be equivalent to SSQM 1 and highlighted key differences with respect to the areas of focus and specific requirements. For example, ISO/IEC 17029 lacks explicit provision to safeguard the independence of audit teams, as compared to SSQM 1.

Response: We will study both quality control management standards (including ethical and independence requirements) and propose an approach to bridge critical gaps, if any, during the CA Bill consultation.

Recommendation E5: To register as a qualified signing individual, one must be able to demonstrate practical experience and meet the CPE requirements such as completing a minimum of 40 hours of accredited courses in the past 12 months.

Feedback to Question E5.1: A large majority supported the broad recommendation of upholding high standards of competency among qualified signing individuals through practical experience and CPE requirements.

There were diverse views on the specific requirements. For example:

- Several respondents suggested requiring three to five years of experience in climate reporting and audits, while others suggested to gauge practical experience by the number of completed assurance engagements.

- On CPE hours for renewal of license, the views were split. At one end, several respondents opposed minimum CPE hours, stating a preference for industry experience and subject matter understanding. Several respondents proposed a range between 18 and 40 hours, highlighting that public accountants have an existing 40-hour requirement. At the other end, several respondents suggested

[21] IESBA: Proposed International Ethics Standards for Sustainability Assurance (including International Independence Standards) and other revisions to the Code relating to Sustainability Assurance and Reporting, January 2024.

[22] IESBA: IAF AND IESBA Join Forces to Support Growths in the Market for High-Quality Sustainability Information, February 2024.

to include tests beyond mere attendance for the accredited courses, with a focus on climate and GHG-related content.

Response: **Recommendation accepted.** We will consider the suggestions and consult on the detailed registration and renewal criteria during the CA Bill consultation.

Feedback to Question E5.2: A majority of respondents agreed that objective measures should be stipulated for practical experience. As for the specific objective measures, the views were diverse. Several respondents preferred to require 2,500 hours of practical experience (which is a requirement for statutory auditors) while several other respondents preferred to consider the number of completed engagements (NEA's approach under the Carbon Pricing Act 2018).

Response: We will consider the suggestions and consult on the detailed registration and renewal criteria during the CA Bill consultation.

Recommendation E6: Allow for one-off transition of professionals with applicable or adjacent competencies to be signing individuals, namely:
(a) Individuals equivalent to partner level currently providing sustainability assurance services under Carbon Pricing Act 2018; and
(b) ACRA-registered public accountants that have passed the recognised bridging courses.

Feedback: A large majority supported this recommendation. A one-off transition of professionals with applicable or adjacent competencies will enlarge the talent pool of climate auditors. Respondents also emphasised the importance of carefully evaluating the relevant qualifications and experience of transitioning professionals, as well as ensuring long-term education and training programs to maintain a healthy pipeline of competent climate auditors.

Response: **Recommendation accepted.** We will partner with relevant stakeholders to curate the recognised bridging courses and develop a healthy pipeline of qualified climate auditors.

Reporting and Filing

Recommendation F1: The existing reporting and filing timelines for financial statements in the CA should be applied to CRD, together with the mechanism to apply for extension of time.

Feedback from Public Consultation

Feedback: A large majority supported this recommendation, recognising the importance to provide CRD at the same time as financial statements to facilitate connectivity in both reporting and timely communication to users. Company respondents also saw the benefits of using timelines that they were accustomed to.

Those who disagreed have concerns over preparing full-year CRD within the existing financial reporting timeline. This is particularly so for companies with extensive overseas operations and/or that wish to obtain a wider scope of voluntary assurance. Two respondents suggested for a transition period (e.g. for the initial three years) to meet the reporting requirements.

Response: **Recommendation accepted.** SGX RegCo will conduct a public consultation on the detailed listing rule amendments to adopt the ISSB Standards. This includes retaining the existing sustainability reporting timeline for Listed Issuers for FY2025, and requiring CRD to be issued at the same time as annual reports from FY2026, in accordance with the ISSB Standards. NLCos can benefit from the two additional months (beyond that granted to listed companies) in their statutory reporting and filing timelines.

Recommendation F2: CRD should be filed in a digital structured format to facilitate the consumption of data.

Feedback: A large majority supported this recommendation. They saw the benefits of standardised data, with its potential for analysis. Some respondents supported the use of new technologies for carbon accounting and reporting. Several respondents emphasised the importance of integrating the filing platform with existing initiatives such as SGX's ESGenome[23] and MAS's Gprnt[24].

Response: **Recommendation accepted.** We are working with MAS and other stakeholders with the view to integrate the filing process and data fields of CRD. We will also consult on the proposed data fields after studying the information needs of users and the available digital taxonomies[25].

[23] MAS and SGX Group have also launched ESGenome in September 2021, a digital disclosure platform designed to support companies in their ESG disclosure process. It enables companies to report metrics aligned with global standards and frameworks.

[24] In November 2023, MAS also launched Gprnt, an integrated digital platform that harnesses technology to simplify how the financial sector and real economy collect, access and act upon ESG data to support their sustainability initiatives. Gprnt focuses on addressing the baseline reporting needs of SMEs while ESGenome caters to Listed Issuers with more complex needs.

[25] The IFRS Foundation is developing an IFRS Sustainability Disclosure Taxonomy, modelled after the requirements in the ISSB Standards. ISSB consulted on the proposed digital taxonomy in July 2023, and aims to issue the final digital taxonomy early in 2024, subject to the feedback received.

Recommendation F3: Listed Issuers can include CRD (a) in a separate report; or (b) as part of the annual report. If CRD is included in a separate report, both reports must be published at the same time.

Feedback: A majority of respondents supported this recommendation. By allowing the flexibility to include CRD in a separate report or as part of the annual report, companies can tailor their reporting practices to their specific circumstances and stakeholders' needs.

Response: **Recommendation accepted.**

Other Legal Requirements

Recommendation G1: The existing legal requirements related to financial reporting should be imposed on climate reporting, except for internal controls that should be encouraged.

Feedback to Question G1.1: A majority of respondents supported this recommendation, explaining that aligning legal requirements for climate reporting with those for financial reporting is necessary for upholding accountability and promoting best practices in climate reporting governance. Several respondents expressed concerns over not mandating the requirement to maintain system of internal controls, which is helpful to prevent errors, identify risks, and ensure accuracy of reported information.

Response: **Recommendation accepted.** We will revisit the internal controls requirement, when considering expanding the scope of mandatory assurance.

Feedback to Question G1.2: In terms of sanctions, some respondents disagreed with placing sanctions for climate reporting on equal footing with those for financial reporting. This is due mainly to the different level of maturity, around the reliability of data, between climate reporting and financial reporting. Some respondents suggested a phased approach – start by encouraging companies to adopt CRD before introducing sanctions to allow companies time to develop reporting competencies.

Response: We will consider the feedback and consult on the proposed approach during the CA Bill consultation.

Feedback from Public Consultation

Recommendation G2: Companies 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.

Feedback: A large majority supported this recommendation, highlighting that the application of legal responsibilities will help safeguard the public interests and foster trust in the filed CRD. Those who disagreed suggested to encourage voluntary filing of climate reporting by not imposing any legal requirements.

Response: **Recommendation accepted.**

Recommendation G3: Provide the mechanism for directors to voluntarily revise defective CRD, with the same safeguard as for financial reporting.

Feedback: A large majority of respondents supported this recommendation. There is a consensus on the need to encourage prompt rectification of errors, considering the high reliance on estimates, rapidly changing climate-related regulations and increasing stakeholders' expectations.

Response: **Recommendation accepted.**