

CAPITAL MARKETS | SUSTAINABILITY

# SGX RegCo Enhances Sustainability Reporting, including Mandatory Climate Reporting (wef FY 2025)

## Introduction

On 25 September 2024, the Singapore Exchange Regulation ("**SGX RegCo**") released changes to the sustainability reporting requirements set out under the Listing Rules (Mainboard) and the Listing Rules (Catalist) (collectively, "**Listing Rules**"). These changes are aimed at enhancing consistency and comparability of sustainability reports. Importantly, they incorporate the latest international standards into SGX RegCo's sustainability reporting regime, namely the International Financial Reporting Standards ("**IFRS**") Sustainability Disclosure Standards issued by the International Sustainability Standards Board.

Initial changes to the Listing Rules will take effect from 1 January 2025 and will require all SGX-listed issuers ("**Listed Issuers**") to disclose their Scope 1 and Scope 2 greenhouse gas ("**GHG**") emissions, beginning with financial year ("**FY**") 2025. Further changes encompassing reporting timeline and mandatory disclosure of primary components of a sustainability report will take effect from 1 January 2026.

In this Update we provide an overview of the salient requirements relating to mandatory climate reporting set out in the amended Listing Rules.

## Background

This development follows from an earlier consultation exercise by SGX RegCo from 7 March 2024 to 5 April 2024 pursuant to its Consultation Paper on "*Sustainability Reporting: Enhancing Consistency and Comparability*" ("**Consultation**"). On 23 September 2024, SGX RegCo issued its "*Responses to Comments on Consultation Paper on Sustainability Reporting: Enhancing Consistency and Comparability*" ("**Response**").

The Response showed that most respondents to the Consultation supported the move for all Listed Issuers to conduct mandatory climate-related reporting, versus the current requirement for only certain sectors to do so. However, respondents also highlighted challenges, particularly for smaller Listed Issuers, in relation to the evolving measurement and reporting methodologies for Scope 3 GHG emissions. Therefore, the requirement on Scope 3 GHG emissions is under review but the expectation

is that large Listed Issuers by market capitalisation will be required to report on Scope 3 GHG emissions from FY 2026.

SGX RegCo expect to conduct future consultations to implement anticipated elements in the mandatory climate-related disclosure roadmap such as those detailed in our Legal Update [here](#), including external limited assurance on Scope 1 and Scope 2 GHG emissions from the FY commencing on or after FY 2027 and digital filing of climate-related disclosures. The application of the IFRS Sustainability Disclosure Standards and any other thematic standards for disclosure of sustainability-related information beyond climate-related disclosures, for example biodiversity and human capital, will be reviewed if or when these are released and subject to separate public consultations.

## Integrating IFRS Sustainability Disclosure Standards into Sustainability Reporting Requirements

From FY 2025, all Listed Issuers will be required to report their Scope 1 and Scope 2 GHG emissions:

1. Scope 1 – direct emissions that occur from sources owned or controlled by the Listed Issuer.
2. Scope 2 – indirect emissions that result from the generation of purchased electricity, steam, heating and cooling consumed by the Listed Issuer.

Climate-related disclosures must start incorporating the climate-related requirements in the IFRS Sustainability Disclosure Standards.

The table below summarises the timelines, reporting requirements and key insights from the Response:

| FY   | Reporting Requirements  | Key Insights from Response  | Calendar Year Report to be Published |
|------|---|---|--------------------------------------|
| 2025 | <ul style="list-style-type: none"> <li>Climate reporting on a mandatory basis that starts incorporating the climate-related requirements in the IFRS Sustainability Disclosure Standards - initially Scope 1 and Scope 2 GHG emissions</li> </ul> | <ul style="list-style-type: none"> <li>Respondents highlighted the need for capacity building to facilitate sustainability reporting and SGX RegCo will continue to facilitate the same</li> </ul>  | 2026                                 |
|      | <ul style="list-style-type: none"> <li>Requirement on Scope 3 GHG emissions (indirect emissions that occur along the value chain of a company's operations and includes upstream and downstream activities) is not yet implemented</li> </ul>     | <ul style="list-style-type: none"> <li>Having noted the difficulty in reporting Scope 3 GHG emissions (including that measurement and reporting methodologies are still evolving and the inability of issuers to obtain the requisite data to calculate Scope 3 GHG emissions), SGX RegCo will carry out an in-depth review of issuers' experience and readiness in reporting Scope 3 GHG emissions before setting out the implementation roadmap for disclosures of Scope 3 GHG emissions</li> </ul> |                                      |

| FY          | Reporting Requirements  | Key Insights from Response   | Calendar Year Report to be Published |
|-------------|---|--|--------------------------------------|
|             | <ul style="list-style-type: none"> <li>Other primary components of a sustainability report<sup>1</sup> to be disclosed on a 'comply or explain' basis</li> <li>Existing timeline is retained, i.e. the sustainability report is issued for its FY: <ul style="list-style-type: none"> <li>no later than four months after the end of the FY; or</li> <li>where the Listed Issuer has conducted external assurance on the sustainability report, no later than five months after the end of the FY</li> </ul> </li> </ul>  | <ul style="list-style-type: none"> <li>This approach allows Listed Issuers to have time to focus on climate-related disclosures in FY 2025</li> <li>Listed Issuers are encouraged to conduct external assurance on their sustainability reports before it becomes mandatory</li> </ul>   |                                      |
| <b>2026</b> | <ul style="list-style-type: none"> <li>All primary components of a sustainability report to be disclosed on a mandatory basis</li> <li>Must issue a sustainability report for its FY: <ul style="list-style-type: none"> <li>with the annual report; or</li> <li>where the Listed Issuer has conducted external assurance on the sustainability report, no later than five months after the end of the FY (transition measure)</li> </ul> </li> <li>Expectation that large Listed Issuers by market capitalisation will be required to report on Scope 3 GHG emissions</li> </ul> | <ul style="list-style-type: none"> <li>The incremental effort in respect of the other primary components (other than climate-related disclosures) is not expected to be significant, and Listed Issuers still have flexibility to tailor their sustainability disclosures to their own circumstances</li> <li>SGX RegCo to review the transitional measure when consulting on external assurance of Scope 1 and Scope 2 GHG emissions</li> <li>Requirement on Scope 3 GHG emissions is under review and not yet implemented</li> </ul> | <b>2027</b>                          |

## Concluding Words

These changes to the Listing Rules are part of SGX RegCo's efforts towards future-proofing the Listed Issuers. By integrating IFRS Sustainability Disclosure Standards into its climate reporting framework, SGX RegCo is not only addressing current sustainability challenges but also preparing Listed Issuers for the regulatory and market shifts expected as the world transitions to a low-carbon future.

This proactive approach is essential for fostering resilience among issuers, enabling them to adapt to evolving environmental expectations and regulatory demands. As stakeholders increasingly prioritise sustainability, aligning with global best practices will be crucial for Listed Issuers to maintain

<sup>1</sup> Other primary components of sustainability reporting are namely (i) material ESG factors; (ii) policies, practices and performance; (iii) targets; (iv) sustainability reporting framework; and (v) board statement and associated governance structure for sustainability practice.

competitiveness. It is important for the Listed Issuers to adapt to evolving ESG expectations and regulatory demands, to ensure compliance and long-term viability in a rapidly changing market landscape.

Click on the following links for more information (available on the SGX RegCo website at [www.regco.sgx.com](http://www.regco.sgx.com))

- [Amendments to Listing Rules \(Mainboard\)](#) and [Amendments to Listing Rules \(Catalist\)](#)
- SGX RegCo [Responses to Comments on Consultation Paper on Sustainability Reporting: Enhancing Consistency and Comparability](#)

Please contact our team below to discuss this development further.

# Contacts

## CAPITAL MARKETS

Cynthia Goh

**PARTNER**

D +65 6232 0316  
[cynthia.goh@rajahtann.com](mailto:cynthia.goh@rajahtann.com)

Cynthia Wu

**PARTNER**

D +65 6232 0775  
[cynthia.wu@rajahtann.com](mailto:cynthia.wu@rajahtann.com)

## SUSTAINABILITY

Lee Weilin

**HEAD**

D +65 62320707  
[weilin.lee@rajahtann.com](mailto:weilin.lee@rajahtann.com)

Please feel free to also contact Knowledge Management at [RTApublications@rajahtann.com](mailto:RTApublications@rajahtann.com).

## Regional Contacts

### Cambodia

#### Rajah & Tann Sok & Heng Law Office

T +855 23 963 112 / 113  
kh.rajahtannasia.com

### China

#### Rajah & Tann Singapore LLP Shanghai & Shenzhen Representative Offices

T +86 21 6120 8818  
F +86 21 6120 8820  
cn.rajahtannasia.com

### Indonesia

#### Assegaf Hamzah & Partners

##### Jakarta Office

T +62 21 2555 7800  
F +62 21 2555 7899

##### Surabaya Office

T +62 31 5116 4550  
F +62 31 5116 4560  
www.ahp.co.id

### Lao PDR

#### Rajah & Tann (Laos) Co., Ltd.

T +856 21 454 239  
F +856 21 285 261  
la.rajahtannasia.com

### Malaysia

#### Christopher & Lee Ong

T +603 2273 1919  
F +603 2273 8310  
www.christopherleeong.com

### Myanmar

#### Rajah & Tann Myanmar Company Limited

T +951 9253750  
mm.rajahtannasia.com

### Philippines

#### Gatmaytan Yap Patacsil Gutierrez & Protacio (C&G Law)

T +632 8248 5250  
www.cagatlaw.com

### Singapore

#### Rajah & Tann Singapore LLP

T +65 6535 3600  
sg.rajahtannasia.com

### Thailand

#### Rajah & Tann (Thailand) Limited

T +66 2656 1991  
F +66 2656 0833  
th.rajahtannasia.com

### Vietnam

#### Rajah & Tann LCT Lawyers

##### Ho Chi Minh City Office

T +84 28 3821 2382  
F +84 28 3520 8206

##### Hanoi Office

T +84 24 3267 6127  
F +84 24 3267 6128  
vn.rajahtannasia.com

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