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ESG Newsletter

News

New consultation paper on mirroring ISSB standard in Singapore local climate-related disclosure requirement

With the recent release of IFRS Sustainability Disclosure Standards: 1) IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information, and 2) IFRS S2 Climate-related Disclosures from ISSB, we find ourselves at a pivotal juncture. The Sustainability Reporting Advisory Committee (SRAC) which was jointly set up by The Accounting and Corporate Regulatory Authority (ACRA) and the Singapore Exchange Regulation (SGX RegCo), has unveiled a new consultation paper on 6 July 2023.

The purpose is to mirror the requirements in the ISSB standards in Singapore's local sustainability reporting requirements, which will impact all listed and large non-listed companies.

This transformational step aims to turn Singapore's climate ambition into action, by proposing to extend mandatory climate reporting to large non-listed companies, which are economically significant and well-placed to drive changes across their value chains. Along with Listed Issuers, they will be required to report ISSB-aligned climate-related disclosures and obtain external assurance to meet the information needs of investors, lenders, and other users.

What's New

Who Needs to Report?

Listed Issuers will lead the way and be required to report ISSB-aligned CRD from FY2025. This will be followed by non-listed companies with revenue of at least $1 billion in FY2027. Besides that, a review will be conducted in 2027 to evaluate the feasibility to mandate climate reporting on non-listed companies with revenue of at least $100 million a few years later, by around FY2030.

What to Report?

Climate reporting using the prescribed climate-related disclosure, mirroring the requirements in the ISSB Standards to the extent practicable. Companies may concurrently report using other standards such as GRI. Reliefs from complex disclosures such as Scope 3 GHG emissions will be available.

What to Externally Assure and by Whom?

Obtain external Limited Assurance in respect of its Scope 1 and Scope 2 GHG emissions two years after the mandatory reporting requirements take effect. ACRA-registered audit firms and SAC-accredited TIC firms can apply to be climate auditors; they are required to conduct assurance work using endorsed local standards modelled on ISSA 5000 or ISO 14064-3.

	Report prescribed baseline climate-related disclosure (with reliefs)	Report Scope 3 GHG emissions	Obtain external Limited Assurance over Scope 1 & Scope 2 GHG emissions
All Listed Issuers	2025	2026	2027
Non-listed companies with annual revenue of at least $1 billion	2027	2029	2029
Non-listed companies with annual revenue of at least $100 million to less than $1 billion	A review will be conducted in 2027 with the view to require reporting a few years later, by around FY2030.		

Our Recommendation

The new requirements set forth by SRAC raise three practical considerations for both listed and large non-listed companies. Firstly, companies need to address the incorporation of the new ISSB requirements into their sustainability reports. Secondly, they must prepare scope 1, 2, and 3 carbon inventories to effectively assess their carbon emissions. Lastly, listed companies, in particular, must make preparations for external assurance to meet the information needs of investors and stakeholders

To navigate these key questions, companies may adopt a phased approach, focusing on six critical areas:

Capacity building
With the evolving ESG landscape, companies should consider implementing educational and engagement programs to foster organic discussions on sustainability. Equipping staff with the necessary skills and promoting cross-functional collaboration can help break silos and facilitate a cohesive sustainability approach.

Carbon profiling
With the deadline to report on scope 3 emission, companies can develop actionable plans to start to establish carbon inventory to gain insight into carbon emission profile, with the aim to eventually have a deep understating of the emission from their value chain.

Sustainability strategy, reporting and communication
While much of the current reporting aligns with GRI standards, the ISSB focuses on materiality with financial implications, interconnected information with financial statements, and more industry-specific and cross-industry metrics. Our ISSB Preparedness Diagnostic and Gap Assessment will provide a strategic roadmap towards comprehensive disclosure and leadership, to assist companies to embrace ISSB seamlessly.

Climate scenario analysis

The ISSB standards require companies to use climate-related scenario analysis to assess their climate resilience. Adopting a phased approach allows companies to delve into industry-specific climate-related risks and opportunities gradually, identifying potential financial implications, and developing long-term climate strategies.

Data and digital solution:

The broad sources of ESG data, its aggregation from different subsidiaries or systems, and the reliance on manual processes, such as MS Excel, highlight the importance of building a streamlined and integrated data platform. This platform should encompass data sourcing, collection, and analysis to enable real-time and effective data management in response to evolving ESG requirements.

Assurance

Companies need to have an independent view as to whether the selection of an ESG reporting framework or standard, its reporting processes, internal controls, evidence available, and governance related to ESG matters provide the basis for a limited or reasonable assurance engagement. Companies can start with assurance readiness services, to accelerate ESG practice more rapidly in the discipline, rigor, and governance around the reporting process.

By strategically addressing these six areas in a phased manner, companies can effectively navigate the changing landscape of sustainability reporting, embrace the ISSB requirements seamlessly, and foster a culture of sustainability that resonates with stakeholders and ensures a positive environmental impact.

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