



Listing Policy & Product Admission
Singapore Exchange Regulation
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Date: 04.04.2024

SGX RegCo consultation on Sustainability Reporting: Enhancing Consistency and Comparability

We refer to the Singapore Exchange Regulation (SGX RegCo)'s consultation paper on sustainability reporting and the incorporation of the ISSB standards. We welcome the opportunity to contribute our perspective on the sustainability reporting regime for Singapore listed issuers, following our response to the previous consultation of the Sustainability Reporting Advisory Committee.

Norges Bank Investment Management (NBIM) is the investment management division of the Norwegian Central Bank and is responsible for investing the Norwegian Government Pension Fund Global. NBIM is a globally diversified investment manager with 1,9 trillion SGD at year end 2022, 6,3 of which invested in the shares of Singaporean companies.

The long-term return of the fund depends on sustainable economic, environmental and social development, as well as well-functioning and efficient markets. Climate risk has long term and systematic characteristics, and we have promoted the development of strong reporting frameworks for corporate climate risk disclosure for over a decade. More broadly, we need consistent, comparable and reliable information from companies on social and environmental issues that are financially material to their business. As a global investor, we have a clear interest in information being reported in a consistent and comparable manner across markets worldwide. This information enables us to take better investment decisions, undertake more purposeful company engagement and develop tailored voting decisions.

In our recent consultation response to the Sustainability Reporting Advisory Committee (SRAC), we strongly welcomed the intention to align as closely as possible with the ISSB standards, which provide a global baseline for disclosure of sustainability information. We also supported the recommendation to use temporary reliefs rather than permanent deviations, to ensure that Singapore corporates fully meet the standards at the end of the transition period.

We note that several jurisdictions, including in the Asian region, have decided to start the regulatory adoption of the ISSB standards with a "climate first" approach, by mandating IFRS S2-aligned climate reporting. In many of these jurisdictions, this builds upon pre-existing TCFD-aligned requirements, as well as on the temporary relief granted by the International Sustainability Standards Board itself, allowing companies to elect to report only on climate-related risks and opportunities in the first year of application, and report in full on sustainability-related risks and opportunities from the second year.

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However, information on the risks and opportunities linked to other sustainability topics is equally important for investors. Therefore, we strongly welcome the commitment to review and consider adoption of IFRS S1 in the future, and the statement encouraging issuers to report in accordance with the ISSB standards beyond climate on a voluntary basis (paragraph 2.10).

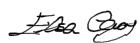
Regarding Question 1 in the consultation paper, we fully support the proposed amendments to the Listing Rules and the Sustainability Reporting Guide to incorporate the ISSB Standards. These standards meet the information needs of investors in providing comparable and consistent disclosures on financially material sustainability-related risks and opportunities. We are also pleased to see that no permanent deviations have been proposed beyond the temporary reliefs already built into the ISSB Standards. We also support the proposal in Question 2 to enhance the SR Regime from a “comply or explain” basis to a mandatory basis, and the proposal in Question 3 to align the timing of the sustainability report with the annual report.

Finally, we had previously welcomed SRAC’s recommendations to require external assurance of Scope 1 and 2 GHG emissions information, and the intention to move towards reasonable assurance of the entire sustainability report over time. We have similarly been supportive of the development of the International Standard on Sustainability Assurance 5000 by the International Auditing and Assurance Standards Board. We would therefore encourage SGX RegCo to consider mandating external assurance at least for the emissions information in the short term, and provide a timeframe towards introducing broader external assurance requirements in the future.

We thank you for considering our perspective and remain at your disposal should you wish to discuss these matters further.

Yours sincerely,

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