

Responses to Comments on Consultation Paper

Starting with a Common Set of Core ESG Metrics

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Singapore Exchange

Contents

I	Introduction	1
1	Background	1
II	Comments Received and SGX’s Responses	1
1	A Common Set of Core ESG Metrics	1
2	ESG Data Portal	3
	Appendix 1 Respondents to the Consultation	6
	Appendix 2 List of Core ESG Metrics	8
1	Environmental.....	8
2	Social	9
3	Governance.....	10

I Introduction

1 Background

- 1.1 On 26 August 2021, SGX issued a consultation on ‘Starting with a Common Set of Core ESG Metrics’ (“**Consultation**”). Unless otherwise defined, capitalised terms used herein shall have the same meanings as ascribed to them in the Consultation.
- 1.2 In the Consultation, SGX proposed a list of 27 core ESG metrics (“**Core ESG Metrics**”) as guidance to assist issuers in providing, and investors in accessing, an aligned set of ESG data. The list of Core ESG Metrics can be found in Appendix 2. SGX also consulted on the development of an ESG data portal, to allow investors to access ESG-related data and information as reported by issuers, in accordance with aligned metrics and relevant disclosure requirements, in a structured format.
- 1.3 The Consultation closed on 27 September 2021. SGX has carefully considered all the comments received. The list of respondents can be found in Appendix 1. SGX would like to thank all respondents for providing comments to the Consultation.

II Comments Received and SGX’s Responses

1 A Common Set of Core ESG Metrics

Question 1: A Common Set of Core ESG Metrics

- (a) Do you agree that it is useful to provide guidance for issuers to disclose a common and standardised set of ESG metrics?
- (b) Do you agree with the list of ESG metrics listed in the Consultation? Do you have any feedback or suggestions?

Comments Received

- 1.1 Almost all respondents agreed that it is useful to provide guidance for issuers to disclose a common and standardised set of ESG metrics. Respondents acknowledged the challenges of ESG disclosures today and concurred that having a common set of ESG metrics would allow for greater consistency and comparability of ESG data across companies, hence allowing for easier identification of trends and best practices.
- 1.2 Majority of respondents also noted that a standardised set of ESG metrics, with clear definitions and guidance, will be helpful for companies that are starting out in their sustainability reporting journey and are not experienced in ESG data collection and reporting.
- 1.3 Several respondents recommended that the list of Core ESG Metrics or certain topics in the list should be made mandatory or on a ‘comply or explain’ basis, to push for greater standardisation of ESG disclosures.
- 1.4 Most respondents provided that while the list of Core ESG Metrics serves as a good base line for reporting, it should not be an exhaustive list and issuers should be allowed to select the most relevant metrics based on their own materiality assessments. Some respondents also noted that not all of the Core ESG Metrics are applicable across industries, and hence suggested for a sectoral

breakdown of ESG metrics.

- 1.5 SGX received several suggestions on additional metrics to be included in the list. Examples of such metrics include water withdrawal from water-stressed areas, biodiversity protection, use of circular materials, energy mix, future sustainability goals (e.g. reduction in greenhouse gases (“GHG”) emission targets and progress), supply chain engagement, gender pay ratio, labour management (e.g. prevention of forced and child labour), employee’s mental health status, number of cases of bullying and harassment, whistleblowing policy, cultural and racial diversity of board of directors (“Board”), periodic evaluation of the Board, as well as the number of Board resolutions pertaining to sustainability and climate change matters.

SGX’s Response

- 1.6 SGX notes the strong support to provide guidance for issuers to disclose a common and standardised set of ESG metrics, which in turn will create better alignment between users and reporters of ESG information.
- 1.7 SGX notes that while there is strong support for the list of Core ESG Metrics to be used as a starting point for reporting, respondents have also cautioned against viewing it as an exhaustive list. We further note feedback that some Core ESG Metrics may not be applicable across industries. In this regard, while SGX encourages issuers to report against the list of Core ESG Metrics to facilitate consistency and comparability of ESG data disclosures, issuers should not be limited to the list of Core ESG Metrics, and should still conduct a materiality assessment to ensure the relevance and completeness of their reported metrics.
- 1.8 Consequently, at the current juncture, the list of Core ESG Metrics will not be made mandatory, nor will any specific sustainability reporting framework be mandated. We will continue to monitor the IFRS Foundation’s progress to develop globally comparable baseline sustainability reporting requirements for all businesses.
- 1.9 Nonetheless, SGX reiterates that the list of Core ESG Metrics is more quantitative in nature, relevant to most sectors and is rooted in the reality of the current reporting landscape. The list has also been endorsed by a variety of institutional investors ranging from family offices to global asset managers. Given the strong support for the Core ESG Metrics, SGX will proceed with the current list of 27 metrics as a starting point. The list of Core ESG Metrics can be found in Appendix 2. We have taken note of the additional metrics suggested by respondents. SGX will review and revise the list periodically, based on, among others, the suggestions collected from the Consultation and ISSB’s final climate reporting standard. The list of Core ESG Metrics will be made available on the SGX website.¹

¹ Together with other reporting resources, the list of Core ESG Metrics will be available at <https://www.sgx.com/regulation/sustainability-reporting>.

2 ESG Data Portal

Question 2: ESG Data Portal

- (a) Do you agree that an ESG data portal with the functionalities in the Consultation is useful in enhancing alignment between issuers and investors over the use of ESG data? What are some other features you would like to see on the ESG data portal?
- (b) Do you agree that the ability to generate sustainability reports directly from the ESG data portal will be useful for issuers?
- (a) Do you agree that issuers should be required to move towards digital sustainability reporting, including submitting ESG data in widely used digital formats via the data portal? What are the challenges in doing so?

Comments Received

- 2.2 Respondents overwhelmingly supported SGX's development of an ESG data portal with the functionalities described in the Consultation. Respondents recognised that having a data portal will not only enhance alignment between issuers and investors over the use of ESG data, but also cited a host of benefits, including:
- (a) cost savings and guidance for issuers;
 - (b) improve ESG data transparency and measurability;
 - (c) more efficient decision-making by investors; and
 - (d) greater reliability, consistency and accuracy of ESG data.
- 2.3 Of the respondents that agreed, several suggested that the use of the ESG data portal should be extended to non-SGX listed companies, and for the data collected via the data portal to be made available to the public. One respondent noted that existing sources which extract data from sustainability reports have, on several occasions, extracted erroneous data. Hence, a central portal where the data is contributed by the issuers themselves will be useful for investors. Some respondents, while expressing strong support for the data portal, also cautioned against too much additional reporting burden for issuers.
- 2.4 Some respondents considered that a data portal will fulfil the need for a centralised distribution point, which will allow investors to compile data sourced directly from issuers without having to go through third-party providers that extract information from individual sustainability reports. On the other hand, a handful of respondents disagreed with the use of the ESG data portal, citing existing ESG data sources, such as data aggregators and rating agencies. Some respondents also noted that the difference in material ESG factors across industries and issuers may not be adequately reflected in the data portal, thereby creating challenges in data comparability.
- 2.5 SGX received several suggestions on features to be included in the data portal. Examples of such features include the ability for issuers to benchmark against peers and for users to conduct time-series analysis across issuers, the ability to customise metrics based on issuers' own materiality assessment, clear instructions and guidance on metrics, multiple data input methods and output formats, ability for issuers to provide information on methodology, scope of data points and additional commentary.

- 2.6 Majority of the respondents agreed that the ability to generate sustainability reports directly from the ESG data portal will be useful for issuers, particularly for issuers with limited resources or those that are starting out in their sustainability reporting journey.
- 2.7 Most respondents cautioned against a one-size-fit-all report and noted that the feature should allow issuers to include other qualitative information, aside from the quantitative metrics, such as strategies and policies, processes and risk management relating to ESG matters, targets and progress, Board oversight statement as well as the ability to customise the sustainability report based on materiality, relevance and branding.
- 2.8 Majority of the respondents agreed that requiring issuers to move towards digital sustainability reporting, including submitting ESG data in widely used digital formats (e.g., CSV, XBRL, XML) via the data portal is in line with global trends and would facilitate more efficient information sharing. Challenges highlighted by respondents revolved around data protection and security, verifiability and quality of data collected, digitisation of existing information and resource constraints of issuers.

SGX's Response

- 2.9 SGX notes the strong support for an ESG data portal and will proceed with the development of the portal. Aside from the functionalities listed out in the Consultation and taking into account the suggested features from the respondents, we envisage the ESG data portal to also allow issuers to:
- (a) input ESG metrics beyond the Core ESG Metrics listed in the Consultation;
 - (b) input material ESG factors;
 - (c) input commentaries and explanations for reported metrics;
 - (d) input discussions on strategies, processes, Board statements and targets relating to ESG matters; and
 - (e) conduct trend analysis and peer benchmarking, among others.
- 2.10 SGX notes the suggestion for the use of the ESG data portal to be extended to non-SGX listed companies. As part of the GreenPrint Common Disclosure Portal under MAS' Project GreenPrint,² there are plans to extend the platform to non-SGX listed companies in the longer term.
- 2.11 In relation to the concerns regarding additional reporting burden, SGX would like to highlight that the data portal is intended to streamline sustainability reporting process for issuers and reduce the time and effort needed to study the fast-evolving ESG frameworks and landscape. The portal will provide guidance on reporting and individual ESG metrics, mapped against relevant disclosure frameworks (including the TCFD Recommendations). With a structured set of ESG data, issuers will be able to generate their sustainability reports and streamline the current practice of responding to multiple questionnaires and ESG data intermediaries. Smaller issuers that make disclosures on this data portal may also enhance their visibility to international investors and improve their access to capital.
- 2.12 SGX notes that the sustainability report generation feature should not create a one-size-fit-all report for all issuers and will include features mentioned in paragraph 2.9 of this Part II. Hence, we envisage that issuers will be able to further customise the auto-generated report to ensure relevance and align with the issuer's own corporate branding.
- 2.13 SGX acknowledges the strong support for issuers to move towards digital sustainability reporting

² MAS, "MAS and Industry to Pilot Digital Platforms for Better Data to Support Green Finance" (9 November 2021).

and encourages issuers to use the ESG data portal when it is made available.

- 2.14 The abovementioned features will be rolled out in phases, starting in the first half of 2022. SGX will be further engaging relevant industry stakeholders to obtain more feedback during the development of the ESG data portal and will provide more information at the appropriate junctures.

Appendix 1 Respondents to the Consultation

SGX received comments from 71 respondents on the Consultation, of which 22 requested confidentiality. The 49 respondents who agreed to be named are:

1. Actionable Knowledge Foundational Institute
2. Aidan Mock
3. Arisaig Partners
4. Asia Securities Industry & Financial Markets Association
5. BlackRock
6. Boardroom Corporate & Advisory Services Pte Ltd
7. CarbonCare Asia Pte. Ltd.
8. Carbon Disclosure Project
9. CFA Society Singapore, CFA Institute
10. CGI Glass Lewis Pty Ltd
11. City Developments Ltd
12. Climate Conversations Limited
13. Council for Board Diversity
14. CPA Australia
15. DBS Bank
16. Deloitte and Touche Business Advisory Pte Ltd
17. Engeco Pte Ltd
18. Environmental Resources Management (S) Pte Ltd
19. ERC Equipoise Pte Ltd
20. Ernst & Young LLP
21. Global Real Estate Sustainability Benchmarks
22. Global Reporting Initiative
23. Hong Leong Asia Ltd.
24. Institute of Singapore Chartered Accountants
25. JABAN
26. Lepak in SG
27. Mak Yuen Teen
28. Melissa Low
29. Moody's ESG Solutions Group
30. MSCI ESG Research LLC
31. Nikko Asset Management Asia Ltd
32. Olivia Jensen
33. Panarchy Partners Pte Ltd
34. Prudential Assurance Company Singapore (Pte) Limited
35. Real Estate Investment Trust Association of Singapore
36. Royal Institution of Chartered Surveyors
37. SAC Capital Private Limited
38. Schroders PLC
39. Singapore Environmental Council
40. Singapore Institute of Directors
41. Singapore Telecommunications Limited
42. The Green Swan Initiative
43. The Institute of Internal Auditors Singapore
44. TÜV SÜD
45. Virginia Harper Ho
46. Willis Towers Watson
47. WongPartnership LLP
48. Worldwide Generation

49. WWF Singapore

Appendix 2 List of Core ESG Metrics

1 Environmental

Topic	Metric	Unit	Framework Alignment	Description
Greenhouse Gas Emissions (“GHG”)	Absolute emissions by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	tCO ₂ e	GRI 305-1, GRI 305-2, GRI 305-3, TCFD, SASB 110, WEF core metrics	Metric tons of carbon dioxide equivalent (tCO ₂ e) of relevant GHG emissions. Report the Total, Scope 1 and Scope 2 GHG emissions and, if appropriate, Scope 3 GHG emissions. GHG emissions should be calculated in line with internationally recognised methodologies (e.g. GHG Protocol).
	Emission intensities by: (a) Total; (b) Scope 1, Scope 2; and (c) Scope 3, if appropriate	tCO ₂ e/organisation-specific metrics	GRI 305-4, TCFD, SASB 110	Emission intensity ratios in GHG emissions (tCO ₂ e) per unit of organisation-specific metrics (e.g. revenue, units of production, floor space, number of employees, number of passengers). This is calculated from the absolute emissions reported. Denominators should be clearly defined and disclosed.
Energy Consumption	Total energy consumption	MWhs or GJ	GRI 302-1, TCFD, SASB 130	Total energy consumption, in megawatt hours or gigajoules (MWhs or GJ), within the organisation.
	Energy consumption intensity	MWhs or GJ/organisation-specific metrics	GRI 302-3, TCFD	Energy intensity ratios in energy consumed (MWhs or GJ) per unit of organisation-specific metrics (e.g. revenue, units of production, floor space, number of employees, number of passengers). This is calculated from the total energy consumption reported. Denominators should be clearly defined and disclosed.
Water Consumption	Total water consumption	ML or m ³	GRI 303-5, SASB 140, TCFD, WEF core metrics	Total water consumption, in megalitres or cubic metres (ML or m ³), across all operations.
	Water consumption intensity	ML or m ³ /organisation-specific metrics	TCFD, SASB IF-RE-140a.1	Water intensity ratios in water consumed (ML or m ³) per unit of organisation-specific metrics (e.g. revenue, units of production, floor space, number of employees, number of passengers). This is calculated from the total water consumption reported. Denominators should be clearly defined and disclosed.
Waste Generation	Total waste generated	t	GRI 306-3, SASB 150, TCFD, WEF expanded metrics	Total weight of waste generated, in metric tons (t), within organisation and where possible, to include relevant information of waste composition (e.g. hazardous vs non-hazardous, recycled vs non-recycled).

2 Social

Topic	Metric	Unit	Framework Alignment	Description
Gender Diversity	Current employees by gender	Percentage (%)	GRI 405-1, SASB 330, WEF core metrics	Percentage of existing employees by gender.
	New hires and turnover by gender	Percentage (%)	GRI 401-1, WEF core metrics	Percentage of new employees hires and employee turnover during the reporting period by gender.
Age-Based Diversity	Current employees by age groups	Percentage (%)	GRI 405-1, WEF core metrics	Percentage of existing employees by age group. GRI's employee age group categories include: (a) under 30 years old, (b) 30-50 years old, and (c) over 50 years old.
	New hires and turnover by age groups	Percentage (%)	GRI 401-1, WEF core metrics	Percentage of new employees hires and employee turnover during the reporting period by age group. GRI's employee age group categories include: (a) under 30 years old, (b) 30-50 years old, and (c) over 50 years old.
Employment	Total turnover	Number and Percentage (%)	GRI 401-1, SASB 310, WEF core metrics	Total number and rate of employee turnover during the reporting period. Scope of reporting (i.e. subsidiaries included or not) should be clearly defined and disclosed.
	Total number of employees	Number	Commonly reported metric by SGX issuers	Total number of employees as at end of reporting period. Scope of reporting (i.e. subsidiaries included or not) should be clearly defined and disclosed.
Development & Training	Average training hours per employee	Hours/No. of employees	GRI 404-1, WEF core metrics	Average training hours per employee during the reporting period (total number of hours of training provided to employees over total number of employees).
	Average training hours per employee by gender	Hours/No. of employees	GRI 404-1, WEF core metrics	Average training hours per employee during the reporting period by gender (total number of hours of training provided to employees in each category over number of employees per category).
Occupational Health & Safety	Fatalities	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	Number of fatalities as a result of work-related injury during reporting period across the organisation. Scope of report should include both employees and workers who are not employees but whose work and/or workplace is controlled by the organisation.
	High-consequence injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore)	Number of high-consequence work-related injuries (injury that results in a fatality from which the worker cannot recover fully to pre-injury health status within 6 months) excluding fatalities during reporting period. Scope of report should include both employees and workers who are not employees but whose work and/or workplace is controlled by the organisation.
	Recordable injuries	Number of cases	GRI 403-9, WEF core metrics, MOM (Singapore), SASB 320	Number of recordable work-related injuries during reporting period. Scope of report should include both employees and workers who are not employees but whose work and/or workplace is controlled by the organisation.

	Recordable work-related ill health cases	Number of cases	GRI 403-10, WEF expanded metrics, MOM (Singapore)	Number of recordable work-related illnesses or health conditions arising from exposure to hazards at work during reporting period. Scope of report should include both employees and workers who are not employees but whose work and/or workplace is controlled by the organisation.
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3 Governance

Topic	Metric	Unit	Source	Description
Board Composition	Board independence	Percentage (%)	GRI 102-22, WEF core metrics	The number of independent board directors as a percentage of all directors.
	Women on the board	Percentage (%)	GRI 102-22, GRI 405-1, WEF core metrics	The number of female board directors as a percentage of all directors.
Management Diversity	Women in the management team	Percentage (%)	GRI 102-22, GRI 405-1, WEF core metrics, SASB 330	The number of female senior management as a percentage of senior management. Each organisation defines which employees are part of its senior management team.
Ethical Behaviour	Anti-corruption disclosures	Discussion and number of standards	GRI 205-1, GRI 205-2 and GRI 205-3	Disclosures based on GRI's anti-corruption standards of 205-1, 205-2 and 205-3.
	Anti-corruption training for employees	Number and Percentage (%)	GRI 205-2, WEF core metrics	Number and percentage of employees that received anti-corruption training during reporting period.
Certifications	List of relevant certifications	List	Commonly reported metric by SGX issuers	List all sustainability or ESG-related certification (e.g. ISO 45000 family, BCA Green Building, LEED, ENERGY STAR). Each organisation defines which certifications are relevant to be reported.
Alignment with Frameworks	Alignment with frameworks and disclosure practices	GRI/ TCFD/ SASB/ SDGs/ others	SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6; SGX-ST Listing Rules (Catalist) 711A and 711B, Practice Note 7F	The issuer needs to give priority to using globally-recognised frameworks and disclosure practices to guide its sustainability reporting. Where the issuer is applying a portion of a particular framework, the issuer should provide a general description of the extent of the issuer's application of the framework.
Assurance	Assurance of sustainability report	Internal/External/None	SGX-ST Listing Rules (Mainboard) 711A and 711B, Practice Note 7.6; SGX-ST Listing Rules (Catalist) 711A and 711B, Practice Note 7F	Disclose whether sustainability report has undertaken: (a) external independent assurance, (b) internal assurance or (c) no assurance. Provide scope of assurance if organisation has undertaken external or internal assurance.



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