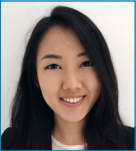



**REGIONAL UPDATE
SINGAPORE**
Loo & partners LLP
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**SGX LAUNCHES SUSTAINABILITY REPORTING GUIDE AND
'COMPLY OR EXPLAIN' RULES**


On 20 June 2016, the Singapore Exchange ("SGX") introduced sustainability reporting requirements after a public consultation in January. Under the 'comply or explain' rules, all listed companies must issue annual reports on their sustainability practices and performances.



The new rules and guide for sustainability reporting (the "Guide") aim to enhance the transparency of SGX-listed companies and their efforts in the environmental, social and governance ("ESG") aspects of their businesses, to meet the growing interest in sustainability from investors worldwide.

This update highlights the key new requirements under the Guide.

'Comply or Explain' Basis

Sustainability reporting on a 'comply or explain' basis will provide issuers with the flexibility in the content and manner of reporting based on their business model and industry. SGX requirements suggest but do not dictate the reporting format, so that issuers may select an appropriate framework and the ESG factors which are relevant enough to be included in their reports. Reports do not require independent assurance, although issuers which have been reporting for several years may find it useful to do so.

Frequency of Sustainability Reporting

Sustainability reports are to be issued on an annual basis in annual reports. Alternatively, issuers may provide standalone sustainability reports within 5 months of the end of the financial year, with a summary in their annual reports. However a grace period of 12 months will be given to the publishing of the first report.

Key Components of Sustainability Report

The sustainability report should describe the sustainability practices with reference to 5 primary components, namely (a) material ESG factors, giving reasons for their choice and describing the process of selection; (b) policies, practices and performances in both descriptive and quantitative terms, including a discussion of performances in the context of previously disclosed targets; (c) targets for the forthcoming year; (d) a chosen reporting framework to guide the disclosure of relevant information on the ESG factors, with reference to internationally recognised or industry-relevant frameworks; and (e) a statement of the board confirming compliance with the material ESG factors. If an issuer excludes a primary component, it must describe the alternative practices it adopts instead with reasons for preferring them.

Materiality

The sustainability report will be based on the principles set out in the Guide which include, among others, the provision of an accurate and balanced view of the most important ESG risks and opportunities in a concise manner.

The materiality principle will be applied when determining whether an ESG factor should be reported on. Factors such as anti-corruption and diversity, if assessed to be immaterial by issuers, may be excluded, although should stakeholders express sufficient interest in these factors, issuers are advised to present the information, policies and safeguards on their websites.

Effective Date

All SGX-listed companies should take note that the sustainability reporting framework comes into effect in 2018, for financial years ending on or after 31 December next year.

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