Sustainability strategy and risk compliance services

Mazars in Singapore

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Singapore sustainability regulatory landscape

There is an increasing need for businesses to consider climate change risks and opportunities in their strategy and decision making, and to make a transition towards the low carbon economy.

In 2021, the Singapore Exchange (SGX) enhanced its sustainability reporting requirements by incorporating the recommendations by the Task Force on Climate-related Financial Disclosures (TCFD) as key pillars of its Sustainability Reporting Requirements.

New SGX Requirements (Effective January 2022)

- Provide climate related disclosures (consistent with TCFD requirements).
  SGX is adopting a phased approach for climate reporting. In 2022, all companies can adopt a comply and explain approach, however, from 2023, selected industries will be required to provide mandatory climate reporting.
- Establish board diversity policy.
- Mandatory sustainability training for company directors.
- Perform internal review or external assurance review on sustainability reports.

What are climate-related disclosures and are they important to businesses?

Climate-related disclosures are essentially information on how climate change impacts the organisation and strategies undertaken to mitigate those risks. For instance, how the increase in temperature would result in potential floods or bush fire that could impact the organisation's supply chain (availability and cost perspective).

The TCFD has developed a framework to guide companies on what is required for climate-related disclosures to improve reporting on climate-related financial information.

Governance	Strategy	Risk Management	Metrics & Targets
Disclose the organisation's governance around climate-related risks & opportunities.	Disclose the actual and potential impacts of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning where such information is material.	Disclose how the organisation identifies, assesses, and manage climate-related risks.	Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Since the introduction of Sustainability Reporting in 2016, listed issuers have taken steps to evaluate and publish their material Environment, Social & Governance factors. Many organisations have so far adequately disclosed the Social & Governance aspect of Sustainability Reporting; however, the Environmental factor remains lagging behind for many organisations.

The latest SGX requirements now require organisations to review their supply/value chain and material footprint to determine if their business could be impacted by climate change, or otherwise explain if it does not apply.

Frequently Asked Questions

Questions	Mazars' point of view
What are Scope 1 Greenhouse Gas (GHG) emissions?	They refer to GHG emissions produced from assets or facilities owned by the company. For instance, emission generated from the use petrol / diesel used by company owned vehicles, refrigerants released from company equipment's, combustion of fuel from industrial plants.
What are Scope 2 GHG emissions?	They refer to indirect emissions resulting from purchase of electricity, either market-based (electricity acquired via direct arrangement with provider) or location-based (electricity acquired from the grid).
We are just an investment holding company. Do we need to perform climate risk assessment and impact analysis apart from Scope 2 disclosure?	Our conversations with similar clients revealed that it is more likely than not that a company emits Scope 1 emissions although it is only an investment holding company, however, the materiality of the emission needs to be assessed instead of casting a blind eye. Typically, in order to determine whether there are other areas apart from Scope 2, a company should (1) review its financial reports to determine if they owned such assets / facilities and (2) evaluate its investment (subsidiary / associates) and determine if there are facilities that generates emissions described by Scope 1.
What are Scope 3 GHG emissions?	Scope 3 GHG emissions are produced by assets not owned or controlled by the company but are used or consumed in the value chain or operations of the company. For instance, purchase of goods / services for daily operations, domestic / international business travels, transportation or distribution services etc. For certain industries, it is likely that Scope 3 emissions contribute~~s~~ significantly to the overall GHG emissions.
Is it mandatory to disclose Scope 3 emissions?	While SGX & TCFD did not state that Scope 3 emission disclosure is mandatory, they state that Scope 3 emissions should be disclosed if appropriate. Both recommend a phased approach for GHG emission disclosure to ensure the full value chain and the associated emissions are fully understood by the organisation.

Our added value

We are a trusted adviser and partner in your sustainability reporting journey, and we will help you navigate complex international and national reporting frameworks.

Global Expertise

Our global team has experience with leading sustainability frameworks and standards, and we are deeply engaged in the strong regulatory momentum towards sustainability reporting.

We are actively collaborating with regulation-crafting authorities:

- European Financial Reporting Advisory Group (EFRAG)
- Accountancy Europe
- Compagnie Nationale des Commissaires aux Comptes (CNCC)
- ICAEW
- FAST-Infra initiative

Combining our programme leadership and global expertise with deep local understanding, we can support you successfully from strategy to implementation in every market you operate.

Innovation in Sustainability

At Mazars, we promote the use of evolving technologies. We will identify the right tools for you, help you connect them to your existing systems, so that you can concentrate on creating value.

Our digital dashboard for ESG metrics monitoring and reporting will help you understand the requirements, and how your organisation can play a part in sustainability.

This integrated dashboard is important for board or management to contextualise:

- Global Reporting Initiatives and Material Issues relevant to the organisation
- Monitoring the material issues that are important to the organisation and stakeholders
- Tracking performance of the relevant ESG metrics per GRI standards

Experience and credentials

Sustainability Reporting

Mazars supported various organisations from the healthcare, industrial, manufacturing, marine & offshore, real estate and development sectors with sustainability reporting in compliance with listing requirements and TCFD recommendations. Primarily:

- Determine primary stakeholders and material issues relevant to the organisation strategy
- Identify material ESG metrics and facilitate data collection activities
- Develop data collection template and continuous monitoring dashboard for ESG metrics
- Assist in preparation of the Sustainability Reports

Sustainability Advisory and Net Zero Carbon Consulting

We supported a global market leader in fruit gummies and liquorice, available in more than 100 countries to facilitate development of a net zero carbon roadmap to support its strategic objective of achieving net zero by 2040. Primarily:

- Facilitate a series of workshops to understand the companies' net zero ambition, governance structure, operational boundaries and climate risks and opportunities;
- Perform analysis and measurement of the organisation's baseline energy use. This includes an in-depth study of half-hourly electricity and gas metering data to profile where the energy is used, followed by an on-site energy audit.
- Develop a net zero roadmap and baseline Scope 1, 2 and 3 emissions in accordance with the Greenhouse Gas Reporting Protocol with short, medium and long term reduction goals.

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