# FAQs on the Sustainability Reporting Grant

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The International Sustainability Standards Board (ISSB) standards are a set of global sustainability reporting standards developed by the IFRS Foundation. The standards are part of a global effort aimed at improving the consistency, comparability and reliability of sustainability related disclosures. This is to help companies report on how sustainability issues impact their financial performance, risk profile and enterprise value, allowing investors and other stakeholders to make informed decisions.

The standards are designed to be integrated with existing financial reporting frameworks, to offer a holistic view of a company's financial and sustainability performance.

Singapore has mandated for companies to report and file annual climate-related disclosures (CRD) according to the ISSB reporting standard, which will be introduced in a phased approach.

For additional details on mandatory CRD requirements in Singapore, companies may refer to the following materials:

For **SGX-listed** companies, please refer to the SGX RegCo Response Paper on Sustainability Reporting. This includes amendments to mainboard rules.

For **non-listed** companies, ACRA will consult companies on the implementation details of mandatory CRD through a public consultation of the Company Act bill in 2025. In the interim, please refer to ACRA's current guidance on mandatory CRD here.

Do note that EDB and Enterprise Singapore only administers the Sustainability Reporting Grant. Should there be any queries relating to mandatory CRD requirements (e.g. local reporting standards, exemption criteria), companies may wish to contact SGX or ACRA directly through the following links:
https://www.sgx.com/contact-us
https://www.acra.gov.sg/feedback

## (I) Eligibility Criteria

*Sustainability Report*

### 1. Which sustainability report would be eligible for the grant?

The Sustainability Reporting Grant has been introduced to encourage companies to prepare for upcoming mandatory CRD requirements before their compliance timelines. It is not meant to subsidise compliance or operating costs once CRD requirements become mandatory.

Therefore, only sustainability reports produced by companies **before their compliance timelines** would be eligible for the grant. Reports produced by companies after their compliance timelines would not be eligible for the grant.

For SGX-listed companies, mandatory reporting starts from the financial year (FY) starting on or after 1 January 2025. For example:

- If a listed company defines its FY2025 as 1 January 2025 to 31 December 2025, this means that its FY2024 report would be eligible for the grant while its FY2025 report would not be eligible for the grant.

- If it defines its FY2025 as 1 July 2024 to 30 June 2025, this means that its FY2025 report (for the FY starting on 1 July 2024) would be eligible for the grant while its FY2026 report (for the FY starting on 1 July 2025) would not be eligible for the grant.

The same rationale applies to large non-listed companies, defined as annual revenue S$1 billion and total assets ≥S$500 million, for which mandatory reporting would start from the FY starting on or after 1 January 2027.

*Listed Companies*

### 2. Which SGX-listed entities are eligible for the grant?

All listed entities, including Real Estate Investment Trusts (REITs) and trusts but excluding Exchange-Traded Funds (ETFs), that are incorporated in Singapore are eligible for the grant. However, please also note further eligibility criteria of FY reporting timeline (see Question 1).

### 3. Would an entity that is newly-listed on the SGX on or after 1 January 2025 be eligible for the grant?

No. As a listed company on SGX, the company would have started its compliance timeline for mandatory sustainability reporting for the FY commencing on or after 1 January 2025. Hence, it would not be eligible for the grant.

**4. Would an SGX-listed subsidiary with an SGX-listed parent company be eligible for the grant?**

Yes. All listed companies are expected to issue their standalone sustainability report, separate from their parent company, hence the listed parent company and its listed subsidiary(ies) would be eligible for the grant. Each listed entity should separately submit its grant application, subject to prevailing support levels per application.

**5. Would an SGX-listed subsidiary with a non-listed parent company be eligible for the grant?**

Yes. The listed subsidiary would be eligible for the grant as it is required to provide CRD separately from its non-listed parent company.

*Non-Listed Companies*

**6. Are non-listed companies, which are not yet impacted by upcoming mandatory CRD requirements, eligible for the grant?**

At present, ACRA has mandated large non-listed companies, defined as annual revenue S$1 billion and total assets ≥S$500 million, to report CRD according to the ISSB standards. While non-listed companies with annual revenue ≥S$100 million but <S$1 billion are not yet mandated, they are eligible for the grant.

**7. Are large non-listed companies, which will be exempted from mandatory CRD in Singapore, eligible for the grant?**

The current guidance from ACRA is that large non-listed companies will be exempted from local reporting if: (a) its parent company reports CRD using ISSB-aligned local reporting standards or equivalent standards, such as the European Sustainability Reporting Standards (ESRS) and ISSB standards, and (b) the company's activities are included in the parent's sustainability report, which is available for public use. Accordingly, such companies would not be eligible for the grant.

Note: ACRA will consult companies on the implementation details of mandatory CRD according to the ISSB standards in 2025. This includes details on local reporting standards, exemption criteria and pathways for companies to seek exemption from ACRA.

**8. For a group of companies that consist of a non-listed parent company and various non-listed subsidiaries, which of these entities would be eligible for the grant?**

As sustainability reports are usually developed at the group level, only one application per company group is allowed. The only exception is if the non-listed subsidiary issues its own sustainability report and its activities are not included in the group / parent company's report. Either the parent company or the subsidiary can apply for the grant on behalf of the company group, subject to the applicant company meeting the eligibility criteria for the grant.

Companies can use the Sustainability Reporting Programme eligibility checker to determine their eligibility for the grant.

## (II) Qualifying Period and Qualifying Costs

### 9. How long is the project's duration?

The Qualifying Period (QP) is fixed at a maximum of 2 years. Companies may choose to declare early completion of the project if the project is completed ahead of time.

### 10. Which cost items qualify for support?

Cost items must be incurred during the QP to qualify for support.

Cost items are considered to have been incurred once any of the following takes place:
(i) Company had started work;
(ii) Company had made payment to third-party, who is part of application; and
(iii) Company had signed contractual agreement with a third party, who is part of application.

If any of these takes place outside of the QP, these costs would not be claimable, unless advised by EDB or EnterpriseSG in writing.

### 11. When should a company apply for the grant?

Companies are encouraged to apply for the grant before the start of the FY, for which they are producing the sustainability report that is under the scope of the grant application. For example, if a non-listed company intends to apply for the grant for its FY2026 report (for the reporting period 1 April 2025 to 31 March 2026), it is encouraged to apply for the grant before 1 April 2025 so that relevant costs under eligible scope that are incurred within the full FY (e.g. monthly software subscription fees) can be considered for claims. Cost items that are incurred before grant approval would not be claimable, unless advised by EDB or EnterpriseSG in writing.

### 12. Can the grant be used for multiple sustainability reports?

No. As the intention of the grant is to support the company with producing its first ISSB-aligned report before the mandatory compliance timeline, the grant can only be used for this <u>first</u> sustainability report that is consistent with the ISSB standards. Accordingly, all qualifying costs should only go towards the development of the first and <u>single</u> sustainability report.

For example, if a non-listed company is on a software subscription model and is applying for the grant for its FY2025 report, only 12 months of monthly subscription fees or a 1-year annual subscription fee, which was incurred to support the development of the FY2025 report, will be claimable. Similarly, only external consultancy, assurance and training costs incurred to support the development of the FY2025 report will be claimable.

### 13. If a company were to issue a sustainability report based on an internal interpretation of the ISSB standards in Year 1 and subsequently appoint a consultant to improve its ISSB-aligned sustainability report in Year 2, can the company apply for the grant for its sustainability report in Year 2?

No. As the intention of the grant is to support the company with producing its <u>first</u> ISSB-aligned report, it will not be able to apply for the grant for its sustainability report in Year 2. However, it will be able to apply for the grant for its sustainability report in Year 1, subject to the eligible scope of the grant.

### 14. Can pre-assurance costs be claimed alone without the submission of a sustainability report?

For companies less familiar with the assurance of sustainability reports, they may choose to undergo pre-assurance, which is a preliminary evaluation process before the formal assurance of sustainability reports. This helps companies identify areas for improvement, assess the quality and reliability of their data, and ensure that their reporting practices align with relevant standards and frameworks.

As the intention of the grant is to support the development of a company's first ISSB-aligned report, pre-assurance costs can only be claimed if: (a) the pre-assurance costs are submitted with the company's first ISSB-aligned sustainability report before its compliance timeline, and (b) the pre-assurance was done to prepare for the submitted sustainability report. For example, if a company conducts pre-assurance for its FY2023 report to prepare for its first ISSB-aligned report in FY2024, the latter of which is the scope of the grant application, the pre-assurance costs can be claimed if the company has not reached its compliance timeline for the submitted report.

### 15. Are SSG-subsidised courses for training supported under the grant?

No. Cost items that have already been supported by another Singapore government agency are not supported under this grant. Accordingly, SSG-subsidised courses are not supported under this grant.

## (III) Deliverables

### 16. What kind of compliance statement can be accepted for the grant?

In recognition that companies may require more time to make an explicit and unreserved statement of compliance with the ISSB standards, companies may consider including any of the following statements, which have differing levels of compliance, in their first ISSB-aligned sustainability report. Some examples that can be accepted for the grant include but are not limited to:

a) "This report has taken reference from the ISSB standards"
b) "This report is aligned with the ISSB standards"
c) "This report is structured in accordance with the ISSB standards"
d) "This report is prepared in compliance with the ISSB standards"

Companies may refer to SGX RegCo's updated Sustainability Reporting Guide and SGX RegCo's Response Paper on Sustainability Reporting for the baseline requirements.

### 17. Are there any requirements for consultants?

Companies should engage Singapore-based consultants, who would be more familiar with the requirements for mandatory CRD in Singapore.

### 18. What kind of assurance is required for the grant?

The provision of either **external** limited or reasonable assurance, which minimally verifies Scope 1 & 2 GHG emissions in the submitted sustainability report, can be accepted.

External assurance helps to increase the reliability and credibility of reported sustainability information. While SGX and ACRA has mandated for companies to obtain external limited assurance on Scope 1 & 2 GHG emissions two years after mandatory reporting requirements take effect, the grant is intended to help companies prepare for the requirements ahead of time.

Limited assurance refers to a general understanding of processes used to compile the assured information, along with inquiries and analytical procedures conducted on these processes.

Reasonable assurance refers to an in-depth understanding of processes used to compile the assessed information, along with inquiries and analytical procedures conducted on these processes. It may also require inspection of records and supporting information, on-site inspections, as well as confirmation with third-parties, legal providers, or other subject-matter specialists.

Companies may refer to CFA Institute for more information on the different types of assurance.

### 19. Are there any requirements for assurance providers?

Assurance providers should be based in Singapore and be either: (i) audit firms registered with ACRA, or (ii) Testing, Inspection and Certification firms accredited by Singapore Accreditation Council. Applicants may select their own external assurance provider.