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Trust in transition: Building confidence in sustainability disclosures

Advancing assurance readiness for credible reporting

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Contents

Executive Summary

Readiness is still on the agenda: Navigating the assurance timeline shift

In a pivotal move, the Accounting and Corporate Regulatory Authority (ACRA) and Singapore Exchange Regulation (SGX RegCo) announced in August 2025 an extension to most climate reporting timelines, including external assurance requirements. While this might initially be seen as a reprieve, it highlights the ongoing need to focus on sustainability reporting and underscores the importance of assurance readiness.

Reporting of Scope 1 and Scope 2 greenhouse gas (GHG) emissions by FY2025 remains unchanged for all listed companies. At the same time, mandatory external limited assurance for Scope 1 and Scope 2 GHG emissions has also been deferred from FY2027 to FY2029, suggesting that regulators acknowledge the complexities involved and provide companies with the opportunity to enhance their assurance processes.

While companies may be adept at gathering data and reporting emissions, the process of external assurance is far more demanding. Thus, companies should capitalise on this two-year window to enhance their assurance preparedness, ensuring they are fully equipped to meet forthcoming regulatory demands.

To support this transition, Boards and governance bodies must take proactive steps to meet ACRA and SGX RegCo requirements. This includes strengthening internal processes and systems, engaging assurance providers early, and equipping staff with the necessary skills. Guiding questions have been developed to help boards assess their current state of sustainability reporting and assurance, and to identify improvement areas across three key pillars—governance, data quality, and assurance readiness. These considerations will be critical in building a robust foundation for future compliance and credibility in sustainability disclosures.

Methodology and scope of study

We sought to assess the current state of play among Singapore's listed companies regarding the elements that support sustainability reporting, and how these influence their current level of assurance readiness, through a survey. This study was published by PwC Singapore, with support from the Institute of Singapore Chartered Accountants (ISCA) and SGX RegCo.

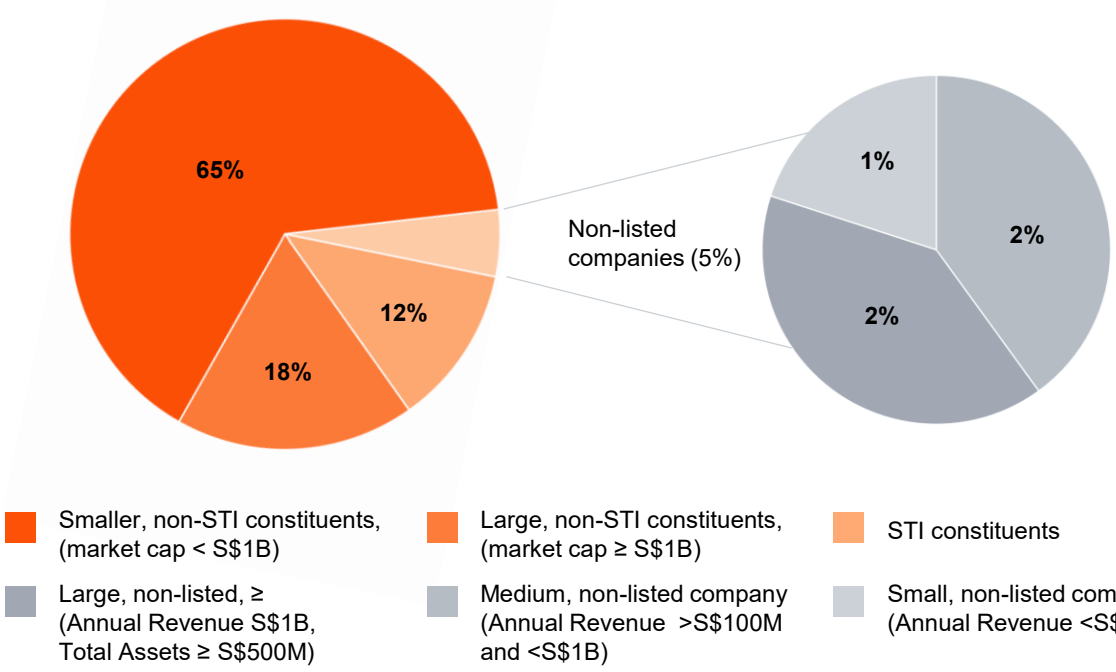
The three key elements of sustainability reporting are:

1. A well-defined process for data collection and reporting
2. A reliable system that supports the collection and aggregation of data, including related supporting documents
3. Skilled personnel who follow established processes, leverage the system effectively and ultimately deliver high-quality data

From 14 August 2025 to 1 October 2025, a total of 116 companies in Singapore responded to our survey, which was distributed to both listed and non-listed companies. The following chart reflects the distribution of respondents:

Chart 1

The distribution of company types analysed in the survey



The survey was distributed to all Singapore Exchange (SGX)-listed companies, alongside an open invitation extended to non-listed companies. Due to the limited number of responses from non-listed entities, our analysis predominantly centred on listed companies (110 respondents), unless otherwise stated. An overall response rate of 18% was achieved from SGX-listed companies, based on the total number of active listings as of 11 November 2025.

It is important to note that the percentages and figures presented are drawn exclusively from responses received, and may not fully represent the entire landscape of listed and non-listed companies in Singapore.

For more information on the methodology and scope of the study, refer to the Appendix.

Notable findings from our survey

Based on the responses we received, the following are our key findings:

1. **Larger companies are leading the way in sustainability assurance, but the wider market still lags.**

   Companies who have sought external assurance currently remains the minority with 17% of them indicating that they have obtained assurance. Among the non-STI constituents with <S$1b market capitalisation ("smaller, non-STI constituents"), only 7% have obtained external assurance. In contrast, more than half of STI constituents (57%) have already obtained external assurance and met the mandatory assurance requirement for Scope 1 and Scope 2 emissions ahead of the FY2029 timeline.

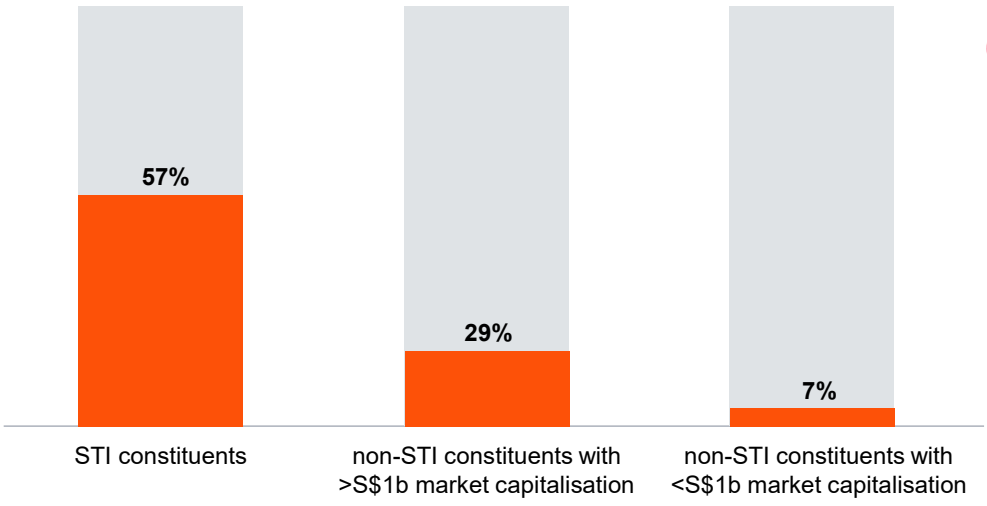
In fact, many have gone above and beyond this requirement to include other types of sustainability information in the scope of assurance, demonstrating a recognition of the value of assurance in building credibility and trust in their reports.

Majority of STI constituents have already complied with the requirement. According to Sustainability Counts III, even a few companies have already achieved reasonable assurance - approximately 11% of the top 50 listed companies in Singapore achieved this in FY2024. Nonetheless, a significant opportunity remains for the rest of the market to begin developing the necessary capabilities.

Nonetheless, a significant opportunity remains for the rest of the market to begin developing the necessary capabilities. This trend is evident among smaller, non-STI constituents and non-listed companies, with 55% and 67% of the total 116 respondents respectively indicating that they have no current plans to seek external assurance for their sustainability disclosures. These percentages reflect the overall respondent base, which includes both listed and non-listed entities.

Chart 2

Proportion of listed companies which have obtained external assurance over sustainability-related information



2. Internal review have laid a good foundation for external assurance

Companies have embarked on internal reviews over sustainability data since the SGX RegCo requirement became effective 1 January 2022, even though the approach differs across the industry. Among smaller, non-STI constituents, internal reviews over sustainability data are typically conducted through outsourced Internal Audit ("IA") functions—likely due to limited internal resources, capacity, or the absence of an in-house IA team. In fact, 75% of smaller, non-STI constituents rely on outsourced IA, in stark contrast to STI constituents, where only 14% use internal IA functions.

3. There is much room for automation and streamlining of data collection and reporting processes, including formal policies for data collection and internal review for STI constituents.

Based on survey responses, many companies continue to rely on manual methods for data collection and reporting, with 48% of smaller, non-STI constituents still using spreadsheets to manage the process.

Generally, the sophistication of data collection tends to increase with company size. Among STI constituents, 57% have adopted ESG systems, compared to 38% of non-STI constituents with a market capitalisation above S$1 billion ("larger, non-STI constituents"). Larger companies, given their scale and operational complexity, are more likely to see value in investing in technology to manage their sustainability reporting processes.

A similar trend is observed in the frequency of data collection. Smaller, non-STI constituents tend to collect data less frequently, likely due to the manual and spreadsheet-based nature of their processes.

In contrast, our findings indicate that larger, non-STI constituents surveyed are leading the pack amongst the listed companies with 95% of respondents with established formal policies in place for data collection, as well as documented procedures for the internal review of sustainability data.

4. Level of ESG training varies significantly across the board

Whilst ESG training is generally well-integrated into capacity building programmes amongst the STI constituents, majority of smaller listed companies have yet to do so – and amongst those who do, only half find their current training adequate. This points to a clear opportunity to strengthen capacity building through more targeted and structured ESG training initiatives. ACRA's Sustainability Reporting Body of Knowledge (BOK) and other industry-led efforts can play a key role in bridging these gaps and equipping companies with the skills needed to meet evolving sustainability expectations.

5. Finance teams are engaged in sustainability reporting to a limited degree

The extent of finance function involvement in sustainability reporting currently varies across companies, with most engaging finance teams only to a limited degree. 65% of companies responded that they engage finance only to a limited extent or not at all. Companies which do involve finance to a moderate or large extent are the minority at present.

However, this is expected to evolve. With the introduction of the ISSB standards and the growing emphasis on the connectivity between sustainability reporting and financial reporting, finance teams are likely to play a more central role moving forward.

6. Readiness assessments are emerging as a strategic tool

With mandatory assurance on the horizon, it is encouraging that readiness assessments are gaining traction as a proactive way to evaluate whether data, controls, and personnel are prepared for external scrutiny. This positively signals growing awareness of their value in building assurance maturity.

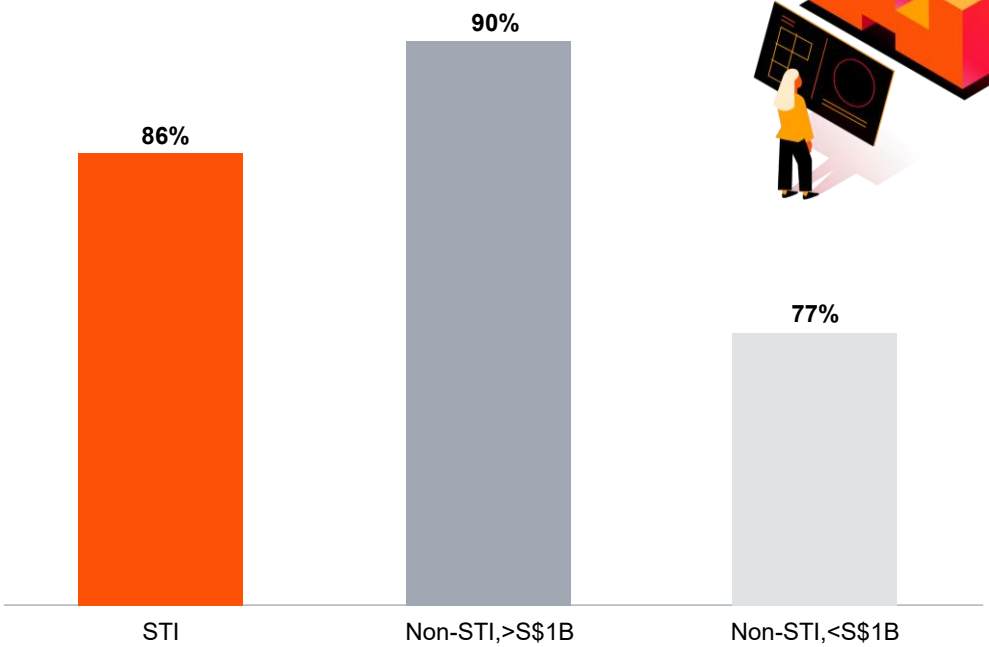
Drawing on insights from the survey, it is evident that there are companies still in the early stages of building sustainability assurance readiness. To support this transition, we have outlined in this report three foundational pillars of sustainability reporting—Process, Systems, and People—which collectively enable the development of high-quality, credible, and reliable disclosures.

Building on these pillars, we also propose a phased pathway to guide organisations in progressively enhancing their capabilities over time.

As sustainability disclosures come under increasing scrutiny, Boards are expected to play a more active role in ensuring the reliability of information published by their companies. Beyond meeting regulatory requirements—such as mandated external assurance for Scope 1 and Scope 2 emissions—Boards must exercise oversight over broader sustainability metrics, many of which are not yet subject to formal assurance.

Chart 3

Percentage of listed companies which have conducted or plan to conduct a Readiness Assessment



To discharge this responsibility effectively, Boards can rely on three key levers to gain comfort over the quality and credibility of sustainability data:

1. Internal review and audit

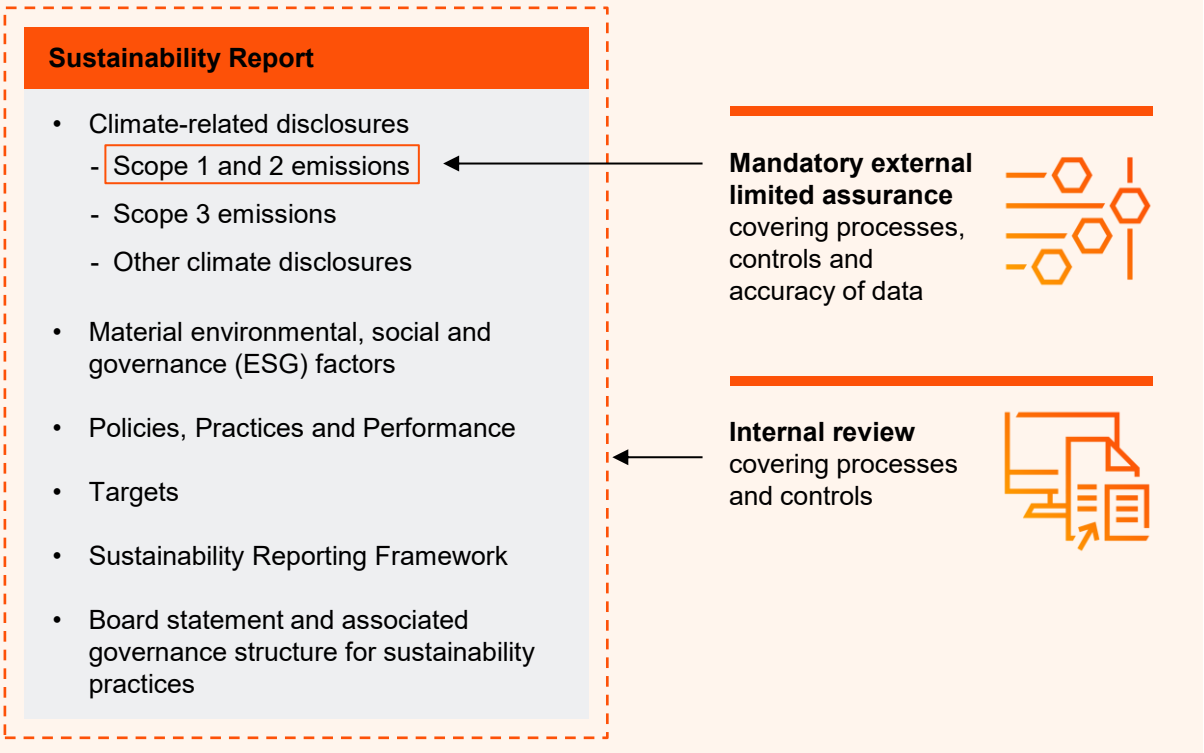
Boards can leverage internal audit and review processes to assess the integrity of other disclosures, such as Scope 3 emissions and social- or governance-related information. These internal mechanisms should be rigorous, well-documented, and aligned with recognised frameworks. However, Boards must critically evaluate whether internal reviews alone provide sufficient assurance.

2. Readiness assessments

Where internal processes fall short, Boards can initiate readiness assessments to evaluate the organisation's preparedness for external assurance. These assessments help identify capability gaps in data collection, systems, and controls—enabling Boards to proactively address weaknesses before formal assurance is sought.

3. Guidance and support

Boards in applying these levers effectively, guiding questions have been developed to help assess their current state of sustainability reporting and assurance. These questions focus on three key pillars—governance, data quality, and assurance readiness—and are designed to identify improvement areas that will be critical in building a robust foundation for future compliance and credibility in sustainability disclosures.

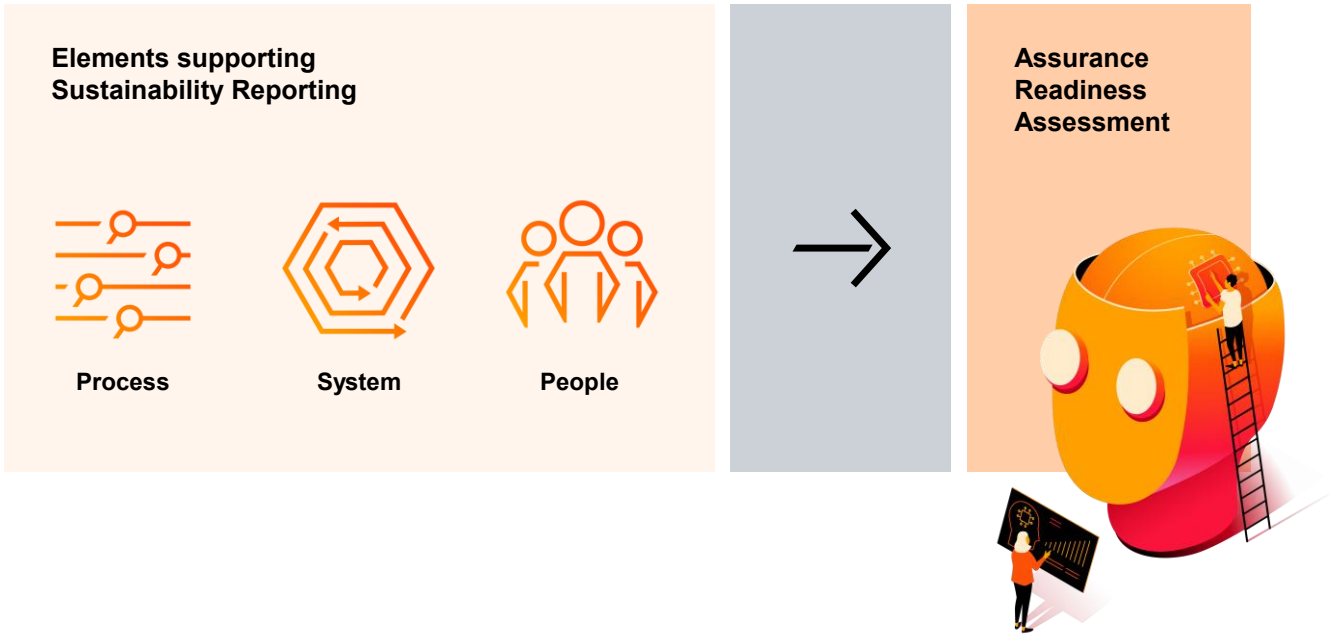


Assurance ready: Building confidence through preparation

Elements supporting sustainability reporting

A robust approach to sustainability reporting is fundamental to ensuring the reliability and credibility of disclosures, particularly in preparation for external assurance. As regulatory expectations and stakeholder scrutiny intensify, companies must demonstrate that their sustainability information is not only comprehensive but also supported by a sound reporting infrastructure. It is also laid out in the IFRS Sustainability Disclosure Standard S1 issued by the International Sustainability Standards Board ("ISSB") that useful sustainability-related financial information should be verifiable. This principle of verifiability is inherently supported by a well-established reporting structure, which enables the traceability of data, the availability of appropriate documentation, and the consistent application of defined processes — all of which are essential to ensuring that reported information can be independently assured.

The ability to withstand assurance scrutiny depends on the strength of three interdependent elements in your sustainability reporting: **process**, which provides consistency and governance over data collection and reporting activities; **system**, which enables accurate, secure, and traceable data management; and **people**, whose expertise and accountability are critical to maintaining the integrity of sustainability disclosures. An **assurance readiness assessment** can also be conducted to identify gaps and allow companies time to implement improvements ahead of mandatory assurance timeline.



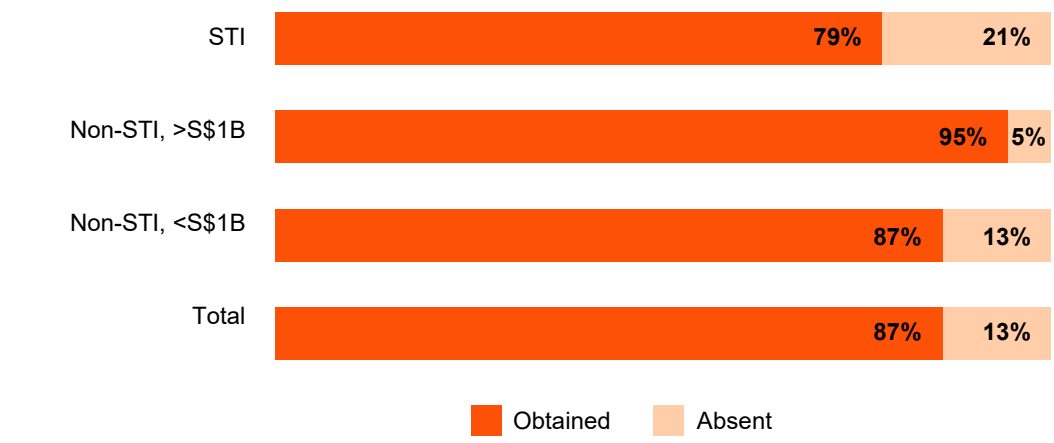
Process

Process forms the foundation of reliable sustainability reporting by establishing structured, repeatable, and well-governed practices. It encompasses the methodologies, controls, and workflows that guide how data is identified, collected, validated, and reported. A clearly defined process ensures consistency across reporting periods, enhances traceability, and supports alignment with relevant standards and frameworks—ultimately enabling the company to produce disclosures that are both credible and assurance-ready.

According to our survey, 87% of respondents reported having formalised policies to guide their sustainability reporting process. These typically cover activity identification, data collection and aggregation, calculation and reporting. These results reflect that companies recognise the importance of consistency in the reporting process.

Chart 4

Formal policies for data collection



Furthermore, 83% indicated that they also have formalised policies or guidelines on the internal review of sustainability data. Internal reviews can provide a strong foundation to prepare for external assurance.

Chart 5

Presence of formal written procedures over internal review of sustainability data

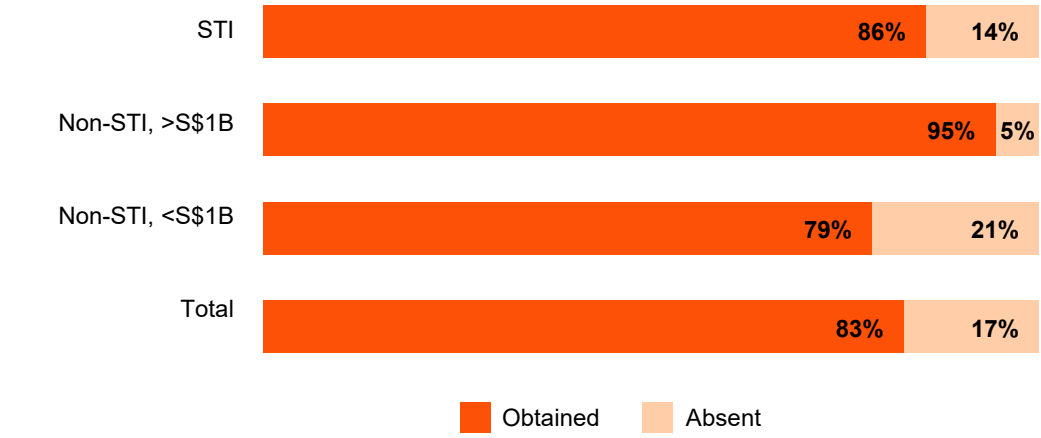
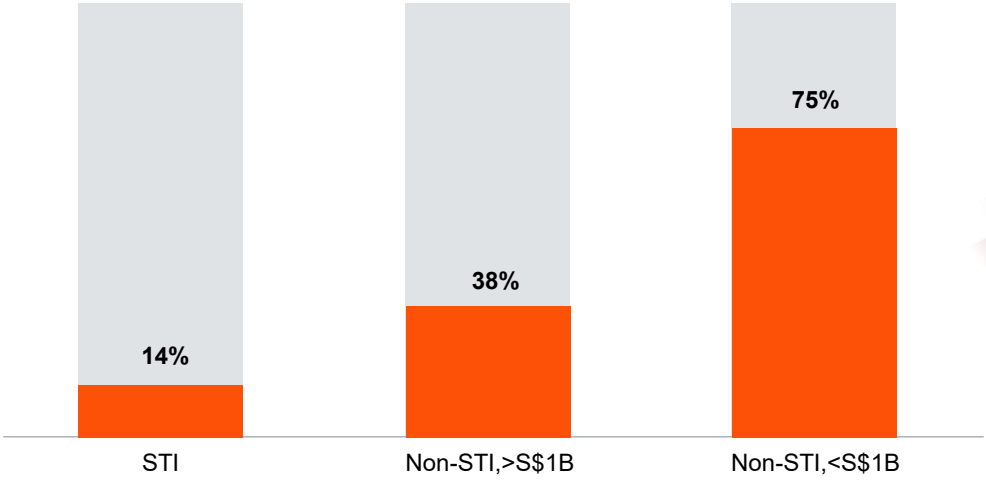


Chart 6

Proportion of listed companies which have outsourced their internal review function



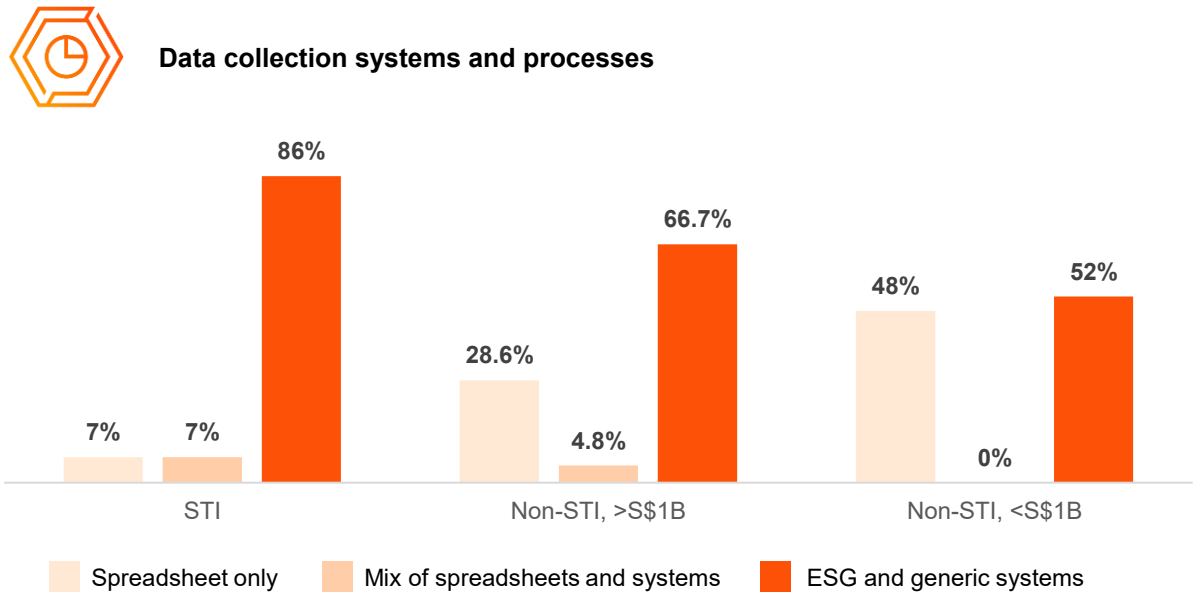
A higher proportion of smaller listed companies outsourced their internal review as compared to larger listed companies. This is likely due to limited internal resources, capacity, or the absence of an in-house Internal Audit (IA) function in smaller listed companies. It is encouraging to observe that listed companies—particularly larger ones—have progressively developed in-house internal review capabilities since the SGX RegCo introduced the requirement several years ago. This reflects a growing commitment to enhancing the quality and reliability of sustainability disclosures.

Having processes in place is only the first step. To ensure assurance-quality data, companies must verify that these processes are functioning as intended through regular testing, documentation reviews, and control effectiveness assessments. Assurance challenges often arise not from the absence of policies, but from gaps in execution, such as incomplete audit trails or insufficient supporting documentation. Strengthening these areas will enhance mitigating controls, better address risks of material misstatements in reported sustainability data and advance assurance maturity.

System

If processes provide the blueprint, systems are the scaffolding that hold sustainability reporting together. The choice between manual spreadsheets, data collection systems and ESG reporting systems is more than a matter of convenience. It also influences the speed, reliability and auditability of data, all of which are critical for assurance readiness.

Chart 7



The survey indicates a growing shift towards system-based approaches: 52% of smaller, non-STI constituents reported using a combination of generic and ESG-specific systems for data collection and reporting. Among large, non-STI constituents, 67% of respondents have adopted such systems, while 86% of STI companies also rely on a mix of platforms.

This transition reflects a broader move towards technology to automate processes and minimise human errors commonly associated with manual spreadsheets.

For companies still relying on spreadsheets, risks such as data entry errors, and inconsistent calculations can compromise data reliability.

Companies reliant on manual data reporting methods can also strengthen data governance through regular reviews and formalised verification processes. By checking supporting documents and reconciling data frequently, they enhance the accuracy, completeness, and consistency of reported information—especially where manual inputs remain. These companies may also move to system-based reporting to mitigate these risks arising from human error through automated checks, audit trails, and standardised processes.

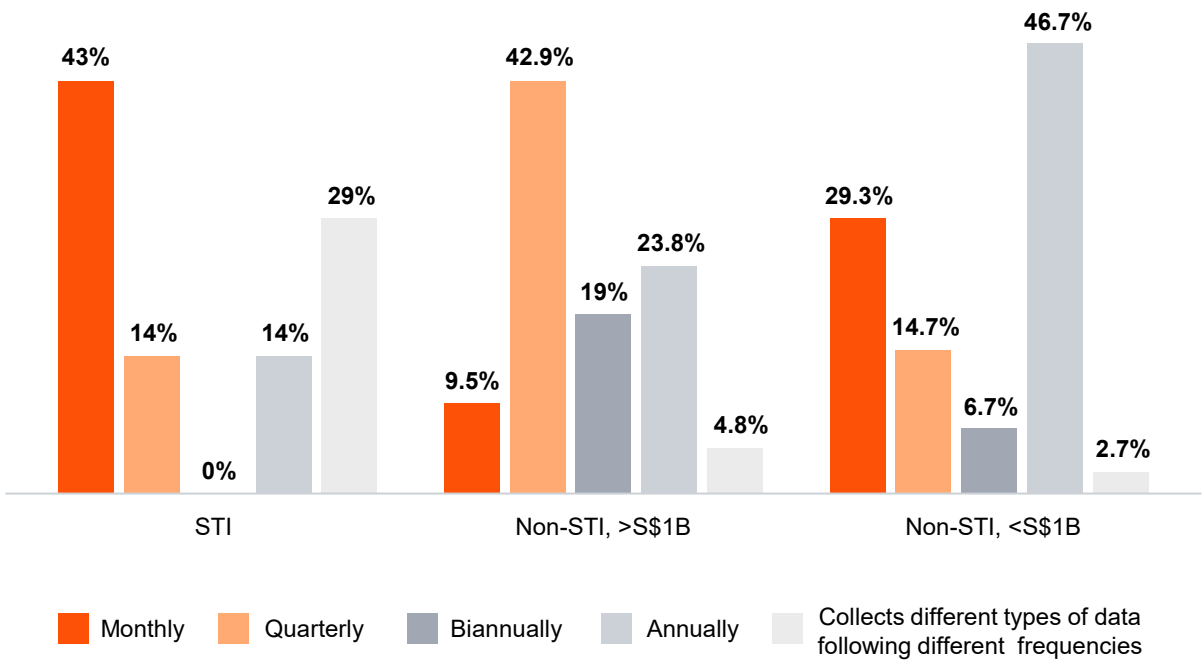
Although system-based reporting may not guarantee fully accurate or complete data, companies acknowledge the value of system controls in managing sustainability data. Without these controls, the inherent risk of material misstatement in sustainability data reporting increases significantly. Additionally, using systems enhances timeliness and reduces inefficiencies in the reporting process.

Interestingly, the time required to collect and report sustainability data does not differ dramatically across these three groups, with all listed companies being more likely than not to complete their data collection and reporting process within three months.

However, the frequency of data collection reflects another diverse spread of responses.

Chart 8

Data collection



Based on survey responses, 48% of smaller, non-STI constituents continue to rely on spreadsheets for data collection, suggesting a notable correlation between the use of manual tools and the frequency of data collection. Smaller companies tend to collect data less frequently, likely due to the resource-intensive and time-consuming nature of spreadsheet-based processes.

The frequency of sustainability data collection can significantly impact the responsiveness of reporting.

More frequent data collection naturally facilitates timely monitoring of performance and allows issues to be flagged promptly, fostering agility in sustainability management.

While sophisticated systems and processes underpin data quality, it is ultimately the people behind the numbers who ensure the robustness of reported data. Without skilled personnel, even the most detailed policies and advanced systems may fall short of delivering assurance-ready data.

People

The effectiveness of sustainability reporting ultimately depends on the people responsible for executing it. Individuals involved in data collation, preparation, calculation and reporting must possess the necessary competencies to apply established processes and utilise systems appropriately. Their expertise, professional judgment and understanding of reporting standards are critical to ensuring that disclosures are accurate, consistent and ready for assurance.

Our survey shows that more than half of respondents have incorporated ESG-related topics into their employee learning programmes. When disaggregated by company type, it can be seen how STI constituents are leading the pack, with 100% of the survey respondents including ESG topics in their learning programmes. For large, non-STI constituents, that percentage stands at 67%, while just 44% of smaller, non-STI constituents do so.

Nevertheless, the adequacy and depth of training remains a concern. Of companies who do include ESG topics in learning and development programmes, just 49% of companies agree or strongly agree that their current level of ESG training adequately prepares their staff to contribute to accurate and comprehensive sustainability reporting. The remaining 51% adopt a neutral stance or even disagree on the adequacy of the training.

Overall, the level of ESG training across listed companies in Singapore remains uneven. While STI constituents generally integrate ESG into their capacity-building programmes, most smaller, non-STI companies have yet to do so. Among those that have started, only about half consider their current training sufficient. This highlights a clear opportunity to strengthen capacity building efforts, particularly through targeted training.

Companies may leverage national initiatives such as ACRA's Sustainability Reporting Body of Knowledge (SR BOK) which provides guidance for training providers to design training programmes that develop specialist skills in preparing sustainability reports, with a focus on climate reporting in accordance with the ISSB Standards. Listed companies can also tap into trainings provided by SGX.

With mandatory climate-related disclosures based on the IFRS Sustainability Disclosure Standard S2 ("IFRS S2") issued by the ISSB being introduced in Singapore, it is expected that the responsibilities for sustainability reporting will extend beyond the sustainability or operations teams. With the ISSB's focus on disclosing financial impacts relating to sustainability-related risks and opportunities, we expect an increasing level of involvement from the wider teams, including finance and risk, moving forward. When asked about the involvement of finance departments in the sustainability reporting process, 65% of companies responded that they engage finance only to a limited extent or not at all.

Companies which do involve finance to a moderate or large extent are the minority at present. This limited engagement is consistent with the current stage of regulatory development, particularly in view of the present ISSB adoption timeline. In time to come, we expect greater involvement from finance functions to become more prevalent. Our survey findings corroborated this trend with 85% of companies involve finance teams in sustainability training, signalling the acknowledgement that the knowledge of and accountability for sustainability data must go beyond the Sustainability team.

Sustainability and finance: Two sides of the same coin

IFRS S1 and S2 acknowledge the inherent interdependencies of sustainability and financial data. As stated in S1, a company's ability to generate cash flows over the short, medium, and long term is linked to the interactions between the company, its stakeholders, society, the economy and the natural environment.

One way in which this linkage can be demonstrated is in the quantification of climate-related risks and opportunities.

For example, Company Q is a courier services company in Singapore. Company Q has conducted a climate risk scenario analysis and has identified an increased frequency of extreme weather events as one of its most material physical risks. Beyond assessing the potential physical impact of extreme weather events, Company Q would then have to quantify the financial impact of such an event happening.

To do so, the Sustainability Team of Company Q would have to work closely with Finance to allocate a quantified amount to this identified risk.

The Sustainability Team would provide specialised knowledge on the impacts of such a risk, while the Finance Team would be able to suggest the various line items within Company Q's financial statements that would reflect these impacts.

Quantifying financial effects of climate-related risks and opportunities is just one example of how Sustainability and Finance are interwoven. It showcases the need for both teams to apply their specialised knowledge in a coordinated effort, making the involvement of Finance in sustainability reporting, and vice versa, increasingly essential.

Ultimately, the findings suggest that building assurance maturity requires more than assigning roles and implementing processes – it hinges on equipping staff with the relevant skills and know-how. Companies that engage relevant personnel in quality ESG training early will be better positioned to deliver data and reporting that is assurance-ready.

Strategic guidance for SMEs

Small and Medium-sized Enterprises (SMEs), including smaller listed companies, in Singapore often face unique challenges in sustainability reporting, such as limited resources, technical expertise, and data infrastructure. To address these, companies can begin by focusing on material ESG issues most relevant to their operations and stakeholders, using frameworks like the GRI or IFRS S1/S2 standards on a scaled basis. They can leverage existing internal data and progressively build capacity for more robust disclosures, especially for Scope 1 and 2 emissions, which are already mandatory.

From our survey findings, many smaller firms still rely on manual data collection systems such as spreadsheets in comparison to STIs and other bigger listed companies, making these processes error-prone and inefficient.

These companies should consider gradually transitioning to digital ESG data management platforms or low-cost cloud-based tools that allow for better tracking and assurance readiness. Such companies can also implement frequent data reviews and formalised processes for verifying supporting documentation. These practices can help ensure that manually collected data is accurate, complete, and consistent, especially when system automation is not yet fully in place. Regular checks and reconciliations can catch discrepancies early, while clear documentation protocols provide transparency and traceability.

Forming a cross-functional sustainability task force can help embed ESG into business operations without overburdening any single team. It leverages diverse expertise, fosters accountability and promotes collaboration across the organisation.

To build capability, companies can tap into trainings provided by SGX. Additionally, the SME Sustainability Hub, launched by Enterprise Singapore, provides a one-stop platform with guides, playbooks, training, and funding support—such as the SME Sustainability Reporting Programme, which offers up to 70% funding for first-time sustainability reports.

To support emissions calculation, companies can leverage free tools such as the Singapore Emission Factors Registry (SEFR), which provides over 200 Singapore-specific emission factors covering Scope 1, 2, and 3 emissions. These factors are integrated into digital carbon calculators listed on the platform. Additionally, the GHG Protocol offers Excel-based tools for estimating Scope 1 and Scope 2 emissions from common sources such as fuel combustion, electricity use, and mobile fleets—making it easier for companies to build consistent and credible emissions inventories.

Due to resource constraints, many smaller listed companies have outsourced their internal review or sustainability oversight functions. While this can be a practical interim solution, companies are encouraged to develop in-house internal review capabilities over time—for example, by upskilling finance or risk teams through targeted ESG training or secondments to sustainability projects. Engaging early with assurance providers, benchmarking against peers, and participating in industry collaborations can further ease the learning curve. Ultimately, starting small but staying consistent with disclosures—even voluntary ones—can enhance investor confidence and prepare companies for the phased regulatory requirements leading up to 2030.

Assurance readiness assessment

Even with all three building blocks of assurance in place, companies may find it daunting to embark on an assurance engagement immediately. A readiness assessment can be a practical starting point, as a proactive check on whether the data, controls in place, and staff are prepared for the level of rigour and scrutiny that comes with undertaking independent assurance.

A typical assurance readiness assessment may begin with scoping and planning to define the boundaries of the review, followed by understanding the organisational boundaries for reporting and identifying the key activities contributing to the metrics under review. It also involves reviews over effectiveness of internal controls and assessment of gaps in data quality — for example, where data may lack sufficient internal review or supporting documentation to substantiate reported figures. Such reviews in these assessments highlight matters that may help management better understand its current state of preparedness and consider potential improvements in readiness for metrics that will be subject to external assurance. Companies that invest in readiness assessments will likely be better positioned to identify gaps early, implement improvements, and build confidence internally.

Survey data shows encouraging results across the board – a majority of the companies that responded are engaging with readiness assessments. Specifically, 86% of STI companies and 90% of large, non-STI companies that responded to the survey have either conducted or are considering a readiness assessment, indicating a strong familiarity with the concept and an understanding of the benefits.

Progressive pathway to mandatory assurance

As Singapore moves towards mandatory assurance of Scope 1 and 2 emissions by FY2029, a phased roadmap is suggested to help companies build readiness.

From now through FY2026, companies should focus on:

- **Strengthening internal processes**— such as formalising data collection policies, establishing review mechanisms; and developing robust data collection and reporting systems;
- **Ensuring the completeness and accuracy** of Scope 1 and 2 emissions disclosures; and
- **Investing in upskilling teams** to ensure accurate and reliable sustainability data reporting.

Between FY2026 and FY2027, companies should:

- **Consider conducting assurance readiness assessments** to evaluate preparedness across governance, data quality and internal controls.
- **Expand the scope to other metrics** - companies already reporting Scope 1 and 2 emissions can expand the scope to other metrics in FY2027.

In FY2028, companies can consider:

- A voluntary dry run of full assurance through private engagements to test systems and build familiarity ahead of the mandated public assurance in FY2029.

These milestones present a recommended pathway for organisations to progressively strengthen their sustainability reporting capabilities, anchored in the three key elements of Process, System and People.

Choosing the right assurance: Aligning scope with purpose

As companies advance in their sustainability reporting maturity, a pivotal decision lies in selecting the appropriate assurance engagement and provider — choices that should reflect strategic priorities and stakeholder expectations.

Determining scope of and level of assurance

Selecting the right scope for assurance begins with clarifying the purpose. Management must consider which data holds the greatest materiality and provides the most value to their stakeholders, including investors, regulators, and customers. Regulations undoubtedly set a baseline - compliance is non-negotiable - but surpassing minimum requirements can yield a competitive advantage.

Benchmarking peer practices can offer additional insights; falling behind in assurance coverage where peers excel may erode stakeholder confidence and market positioning. Equally essential is an internal reflection on materiality from the company's vantage point: what sustainability aspects materially impact business resilience and value creation? Prioritising these areas for assurance helps optimise resources and enhances the credibility of disclosures.

Companies must strategically determine the appropriate level of assurance—limited or reasonable—that aligns with their reporting maturity, stakeholder expectations, and regulatory requirements. In a limited assurance engagement, the level of assurance is lower than in a reasonable assurance engagement, leading to differences in the nature, timing and extent of procedures performed. Limited assurance engagements typically rely more on inquiries and analytical procedures, and less on testing controls or obtaining external evidence. In contrast, reasonable assurance engagements involve more rigorous procedures designed to detect material misstatements with greater precision.

When surveyed on their familiarity with assurance levels, 93% of STI constituents who responded indicated awareness of the differences. Among non-STI companies, 67% with market capitalisation above S$1 billion and 52% below S$1 billion reported familiarity. As external assurance requirements become more prominent—driven by SGX RegCo and ACRA timelines—companies will need to deepen their understanding of assurance processes to make informed decisions.

Companies must also have a clear understanding of the regulatory landscape in which they operate to determine the appropriate level of assurance that aligns with compliance obligations. In Singapore, external limited assurance for Scope 1 and 2 GHG emissions is deferred to FY2029 for all listed companies. Meanwhile, Malaysia's National Sustainability Reporting Framework (NSRF) is set to introduce a phased mandate for reasonable assurance on Scope 1 and Scope 2 greenhouse gas emissions. This will begin with Group 1 companies—main market listed issuers with a market capitalisation of RM2 billion (~S$615.6 million) or more—starting from reporting periods commencing on or after 1 January 2027.

Understanding assurance standards

The assurance landscape offers diverse standards tailored to varying scopes and levels of confidence, including the AccountAbility AA1000 Assurance Standard, ISO 14064-3, International or Singapore Standards on Assurance Engagements such as ISAE 3000 and ISAE 3410, and the recently introduced International Standard on Sustainability Assurance (ISSA 5000).

ISSA 5000 is effective for assurance engagements on sustainability information reported for periods beginning on or after 15 December 2026, or as at a specific date on or after 15 December 2026. Consequently, ISAE 3410 will be withdrawn and ISAE 3000 will no longer be effective from the effective date of ISSA 5000. ISCA will be adopting the Singapore equivalent of ISSA 5000 – the Singapore Standard on Sustainability Assurance (SSSA) 5000. The effective date of SSSA 5000 is expected to be aligned with ISSA 5000. Similarly, SSAE 3410 will be withdrawn as of the effective date of SSSA 5000.

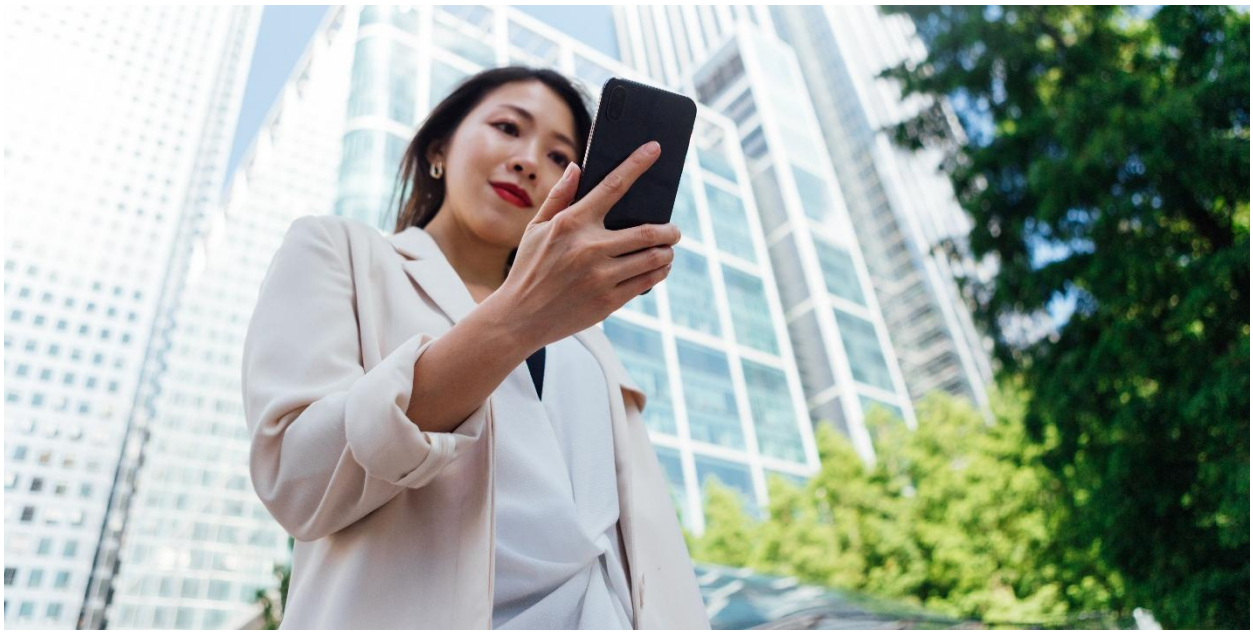
With the issuance of ISSA 5000, which sets out general requirements for sustainability assurance engagements across all types of sustainability information, Singapore is aligning its approach through the proposed draft of the Singapore Standard on Sustainability Assurance (SSSA) 5000.

This new standard will provide more specific requirements and guidance tailored to sustainability areas, addressing limitations in ISAE 3000, which was more general in nature.

The adoption of SSSA 5000 is expected to enhance consistency and comparability in assurance practices, especially as sustainability disclosures become more complex and widespread. Implementing these standards will likely raise the bar for assurance quality and drive more robust readiness assessments among companies. This change could also prompt earlier engagement with assurance providers and greater internal alignment on sustainability data governance, ultimately supporting more credible and decision-useful sustainability reporting.

Our survey indicates varying levels of awareness across companies regarding assurance standards. Specifically, 48% are familiar with ISAE 3000/3410, 29% with ISO 14064-3, 31% with ISSA 5000, and a smaller proportion with AA10000. This mix highlights the need for companies to deepen their understanding of each standard to navigate assurance options effectively.

Standard	Nature and scope of the standard	Best suited for
AA1000AS v3	• Principles-based assurance standard applicable to all sustainability topics and frameworks. • Focuses on evaluating how well an company applies the principles of inclusivity, materiality, responsiveness, and impact. • Suitable for use by both professional accountants and non-accountant assurance providers.	Companies with a strong stakeholder engagement focus
ISO 14064-3	• Applicable to company, project and product greenhouse gas (GHG) statements • The ISO 14060 family of standards is GHG programme neutral. If a GHG programme is applicable, requirements of that GHG programme are additional to the requirements of the ISO 14060 family of standards	Companies in carbon-intensive industries seeking only GHG emissions verification
ISAE 3000	• The ISAE covers assurance engagements other than audits or reviews of historical financial information, as described in the International Framework for Assurance Engagements • Where a subject-matter specific ISAE is relevant to the subject matter of a particular engagement, that ISAE applies in addition to this ISAE • This can be applied to any subject matter (including sustainability, until ISSA 5000 is effective) • Primarily designed for use by professional accountant assurance practitioners	All companies seeking assurance on ESG disclosures
ISSA 3410	• Suitable for use for assurance on sustainability information prepared using any framework criteria (ISSB, CSRD, ESRS, US SEC etc.), entity-developed criteria or a combination of both • Applicable to reporting on all sustainability topics and aspects of topics • The standard is designed to be suitable for assurance engagements on sustainability information regardless of the intended users • Applicable for use by both professional and non-professional accountant assurance practitioners, provided the fundamental premises set out in the standard regarding relevant ethical requirements and quality management are adhered to	All companies seeking to futureproof its sustainability assurance



Selecting the right provider for sustainability reporting assurance

Equally important is partnering with the right assurance provider. This means weighing options like large accounting networks for global reach, boutique firms for tailored services, or ESG specialists for domain expertise, while considering internal factors like operational complexity, scale and geographic footprint.

Depth of expertise in sustainability frameworks—whether GRI, ISSB, TCFD, SASB, or others—is crucial to fully comprehending reporting requirements in nuance. Sector-specific knowledge ensures the provider understands industry-specific metrics and risks. Independence and reputation underpin confidence in the assurance opinion. Furthermore, companies should inquire into providers' methodologies, including approaches to assessing data quality, controls robustness, and treatment of estimates, especially for reasonable assurance engagements.

Lastly, the engagement should be collaborative. An effective assurance provider works constructively with the internal teams, offering clear, actionable feedback that strengthens the company's reporting ecosystem beyond the assurance opinion itself.

By thoughtfully aligning assurance scope, level and standards with the selection of the right assurance provider, companies can future-proof their sustainability disclosures against evolving demands while enhancing stakeholder trust through credible, meaningful assurance.

Conclusion: Are we ready?

Our survey findings reveal a varied level of maturity in sustainability reporting among listed companies, with STI constituents leading the way. Although the clock is ticking slower for non-STI constituents in Singapore, the gap between their current state and the level of sophistication demonstrated by STI constituents remains significant. Bridging this gap will require focused effort, investment, and capacity building to meet evolving expectations and assurance requirements.

Companies should operationalise this by evaluating three key elements supporting their sustainability reporting: Process, System, and People. Integrating digital platforms and cutting-edge technologies such as AI-driven analytics into sustainability performance monitoring and reporting can allow companies to identify trends, anomalies, and emerging risks with greater speed and precision. These technologies enhance data quality by automating validation processes, enabling real-time insights, and supporting predictive modelling. As sustainability reporting becomes more complex and data-intensive, leveraging AI not only improves operational efficiency but also strengthens the reliability of disclosures—ultimately supporting assurance readiness and informed decision-making.

Beyond compliance, companies must recognise the strategic value of sustainability reporting. When approached with the right intent, it can unlock business value, inform decision-making, and enhance competitiveness. The IFAC State of Play Sustainability 2019–2023 study highlights how global peers are progressing. More specifically, the following is the percentage of the top 50 largest companies in each country that have obtained assurance over ESG information: Singapore - 50%, France - 100%, Germany - 84%, Italy - 100%, Australia - 70%, South Korea - 100%, and Hong Kong SAR. - 76%.

These figures reflect not only market maturity but also the impact of regulatory mandates. France, Germany and Italy have implemented mandatory assurance requirements ahead of Singapore driven by the Corporate Sustainability Reporting Directive (CSRD), contributing to their high coverage. Australia's progress is linked to its evolving sustainability reporting framework, which mandates that large entities in Australia are required to obtain assurance over Scope 1 and 2 emissions from FY2024, with full assurance requirements expanding by FY2030. Meanwhile, South Korea and Hong Kong SAR show strong voluntary uptake of external assurance, driven by proactive responses to regulatory developments and investor expectations. Even without mandatory requirements, companies are seeking assurance to enhance data credibility and prepare for future obligations

Likewise, Singapore's voluntary adoption of reasonable assurance is a promising sign. According to Sustainability Counts III, about 11% of the top 50 companies in 2024 have achieved reasonable assurance, reflecting a commitment to quality even before regulatory deadlines take effect. This proactive stance positions Singapore to align with international best practices as sustainability assurance becomes more widespread and rigorous.

As regulations evolve across Asia, clear and proactive communication on climate matters is becoming a key differentiator. Regional peers are increasingly providing more decision-useful information to stakeholders, driven by both regulatory mandates and voluntary leadership. Companies that delay or neglect climate reporting risk falling behind in a landscape where transparency and responsiveness are fast becoming essential to maintaining competitiveness.

As such, companies in Singapore must continue to build their assurance capabilities. Change takes time — and so does developing the robust infrastructure needed for credible, internationally trusted sustainability reporting.

At its core, sustainability reporting is not just about meeting requirements — it is about building trust, enabling resilience, and contributing meaningfully to regional and global efforts in climate action. When companies approach sustainability reporting and assurance with the right purpose and objective, it can serve as a powerful lever to unlock business value and support long-term competitiveness.

Key considerations for Boards in navigating assurance readiness for sustainability reporting

Meeting the obligations set out by ACRA/SGX RegCo on sustainability reporting and sustainability assurance involves strengthening internal processes and systems, engaging external assurance providers and ensuring that staff has the appropriate knowledge and level of skill to prepare and collect sustainability data for reporting purposes.

Companies may assign the oversight of sustainability reporting and sustainability assurance to a particular governance body. This could include a board, committee, or equivalent body that is charged with governance within the company. For these governance bodies, the following questions can assist in providing a deeper understanding of the current state of the company's sustainability reporting and assurance. They serve as a tool to identify areas for improvement across the three key elements - process, system and people – to support the company in meeting SGX RegCo /ACRA obligations.

Obligations

Frameworks

Related questions
Which sustainability reporting frameworks are used by the company / is the company expected to comply with?

Why this matters
- Companies should be familiar with the frameworks they are expected to comply with to avoid regulatory penalties and to avoid stakeholder distrust.
- Companies should consider if the framework being used is widely renowned and applied for sustainability reporting purposes in the industry (or industries) it operates in.
- To align with stakeholders' expectations, companies need to consider their stakeholders prioritisation of the different aspects of sustainability. For example, when considering investors, the company should apply frameworks such as TCFD or ISSB for climate-related financial disclosures.

Timeline

Related questions
Is the company confident in meeting ACRA/SGX RegCo announced assurance timeline? Why or why not?

Why this matters
- If the company is not confident in meeting the ACRA/SGX RegCo assurance timeline, it should intervene early to allocate resources, engage the necessary experts and mobilize internal functions so that external assurance on the scope required can be achieved.

Readiness

Related questions

If assurance is currently not sought, does the company intend to conduct a readiness assessment either internally or by an external consultant? Does the company have a roadmap or timeline in place to conduct assurance, including readiness assessment?

Why this matters

- Readiness assessments can help to uncover problems in data completeness and accuracy, internal controls and audit trails, encouraging the company to resolve such issues early before external assurance is conducted. Such issues can lead to increased risk of material misstatements in data, which can affect the external assurance conclusion.

Internal reviews and assurance

Related questions

Is review of sustainability reporting process included as part of internal audit scope? What is the review scope and frequency?

If assurance is currently sought, is the company seeking limited or reasonable assurance? What are the metrics being assured? Is there expectation from other stakeholders beyond the mandatory scope?

If assurance is currently not sought, what are the metrics that the company will seek to assure?

Why this matters

- Under the ACRA/SGX RegCo assurance timeline, limited assurance is the level currently expected for Scope 1 and 2 GHG emissions disclosures. However, companies may seek reasonable assurance due to their commitment to credible sustainability reporting or other expectations such as CSRD's planned progression to reasonable assurance in the future.
- Beyond minimum assurance requirements, stakeholders increasingly expect sustainability reporting to be robust, transparent, and tailored to their specific concerns. This means ensuring that ESG data is also aligned with stakeholder priorities—such as climate risk transparency for investors, ethical sourcing for customers, and social impact metrics for employees. By engaging in assurance, companies can gain stakeholder trust, enhance brand reputation, and gain strategic advantages—such as investor confidence, customer loyalty, and access to green financing.

Standards

Related questions

What assurance standards are currently being used / will be used?

Why this matters

- Understanding which assurance standard is being used will enable the company to assess if this is in line with commonly used standards in the industry (or industries) in which the company operates.

Process

Oversight

Related questions
Which department (or business unit) oversees the sustainability reporting process? To what extent does this department involve other departments (e.g. finance)?

Why this matters
- Defining roles and responsibilities helps to establish clear accountability where data collection and reporting may span across different functions within the company.
- Understanding the extent to which other departments are involved and how their involvement is structured will help the company to also improve data quality and reliability since other departments may have a greater understanding on how certain data can be collected or calculated.

Maturity

Related questions
How established is the sustainability reporting process? Are there formalised processes, including reviews? Are there supporting documents for the reported data? Reconciliation of data?

Why this matters
- Formal processes ensure that data is consistently collected, verified and reviewed, reducing the risk of material misstatements from errors or omissions. Supporting documents and reconciliation practices provide the audit trail needed for assurance providers to verify the accuracy and completeness of reported metrics. Without these elements, the company may face challenges in meeting assurance requirements, face delays in reporting, or risk non-compliance.

Third-party data

Related questions
To what extent does the company rely on third-party data and how does the company verify its reliability?

Why this matters
- As external assurance providers will assess the source and reliability of reported data, the company must demonstrate that the third-party data comes from reputable sources, there are controls in place to validate its accuracy (including methodologies of estimates used and rationale of assumptions made, if any) and that the data is appropriately used in reporting context.

System

Maturity

Related questions

How established is the sustainability data collection and reporting process? Are there reviews over manually collected and calculated data? If a data collection system is used, are supporting documents uploaded and retained in the system for verification purposes?

Why this matters

- The company should determine if there are internal controls in place to catch errors, inconsistencies, or misinterpretations — especially when data is manually consolidated in spreadsheets, which are more prone to human error.

- If data collection system is used, the ability to upload and retain supporting documents within the system is essential for traceability and verification during external assurance. This ensures that assurance providers can easily access the evidence trail needed to validate reported metrics. Without these elements, the company may encounter difficulties in meeting the limited assurance requirements under frameworks like ACRA/SGX RegCo.

People

Capabilities

Related questions

Which staff are trained on ESG-related topics and how often is this training conducted? If not every employee is provided this training, why not and to what extent does it impact the data collection process?

Why this matters

- Knowing which employees are trained on ESG-related topics and how often they are trained helps assess whether those responsible for data collection, calculation and documentation understand the technical definitions, methodologies and reporting standards. If training is limited or infrequent, staff may misinterpret data requirements, apply inaccurate formulas, or fail to maintain proper documentation – all of which can lead to greater risk of material misstatement in reported data.

- If not every relevant employee is trained, it may lead to inconsistent data handling practices across departments, making it difficult to reconcile or verify data during external assurance. This will impact the company's ability to meet limited assurance requirements.

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Appendix

Methodology

This report is based on a survey of 116 companies conducted in two waves from 14 August 2025 to 1 October 2025.

The first wave was from 14 August 2025 to 1 October 2025 from ISCA distribution. The second wave was from 2 September 2025 to 1 October 2025 from the SGX RegCo survey distribution. The dual-wave approach was implemented to expand reach and collect more comprehensive data across different distribution platforms.

Additionally, PwC issued an open invitation for survey participation to non-listed companies from 14 August 2025 to 1 October 2025.

Of these 116 companies, 110 are listed on the SGX, while the remaining 6 comprise:

Three large, non-listed companies (annual revenue of ≥ S$1 billion, total assets ≥ S$500 million);

Two medium, non-listed companies (annual revenue of >S$100 million but < S$1 billion); and

One small, non-listed company (annual revenue < S$5 million).

Of the 110 companies listed on the SGX:

14 are constituents of the Straits Times Index (STI);

21 are large, non-STI constituents (market capitalisation of ≥ S$1 billion); and

75 are smaller, non-STI constituents (market capitalisation of < S$1 billion)

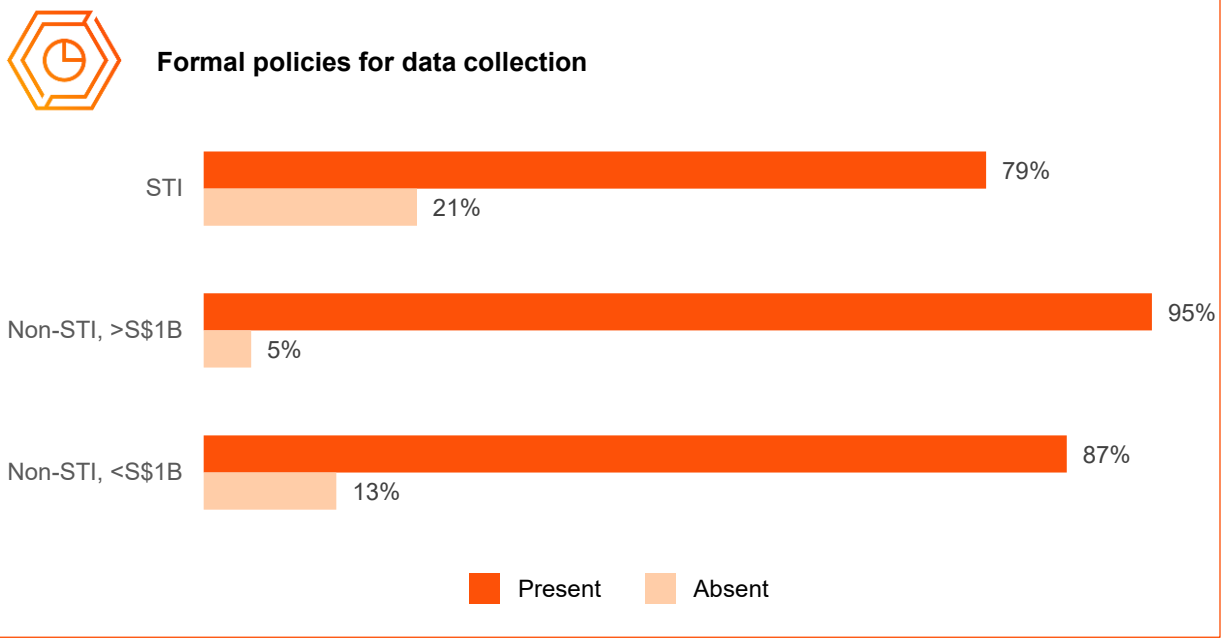
These companies were categorised into STI, large non-STI, and smaller non-STI groups to capture the three buckets of listed companies as set out in the three-tier structure to phase reporting obligations from SGX RegCo/ACRA updated climate reporting requirements. The survey aimed to assess current ESG reporting practices, assurance readiness and training programmes. Data was collected through structured questionnaires administered online. Responses were analysed collectively across categories — STI constituents, large non-STI firms, and smaller non-STI firms — by identifying observable trends. A consistent methodology was applied across both waves to ensure comparability and analytical rigour. To safeguard data integrity, several measures were implemented, including mandatory response validation.

The online survey platform incorporated logic checks—such as requiring completion of key questions before submission—to minimise incomplete or inconsistent responses and enhance overall data reliability. Notwithstanding these measures, the study has certain limitations. In particular, the small number of non-listed company responses — only 6 out of 116 — limits the extent to which the findings reflect broader market practices. As non-listed companies may operate under different regulatory pressures, resource constraints and stakeholder expectations, the results may not fully represent the broader business landscape in Singapore. Accordingly, the analysis in this report focuses on listed companies unless otherwise stated.

Formal policies for data collection

Question: Do you have formal written procedures including clear roles and responsibilities to guide your organisation's sustainability reporting process (e.g. activity identification, data collection and aggregation, data review, calculation, reporting of sustainability data)?

Chart 9



Why this matters

Formal policies provide a standardised methodology for identifying, collecting, calculating, and aggregating sustainability data. They define clear parameters around data sources, measurement boundaries, calculation methods, and quality assurance protocols. By embedding these standards into daily operations, organisations can minimise inconsistencies, reduce the risk of human error, and promote a culture of accountability and transparency.

A critical component of these policies is the clear assignment of roles and responsibilities. When employees understand what data they are responsible for, how to collect it, when to submit it, and who reviews and approves it, accountability is strengthened across all levels of the organisation. This structured approach helps prevent data gaps, eliminate duplication of effort, and ensure that information flows seamlessly between departments.

Formal policies and documentation also provide a traceable audit trail that evidences data accuracy, consistency in methodology and compliance with established frameworks or standards.

State of practice

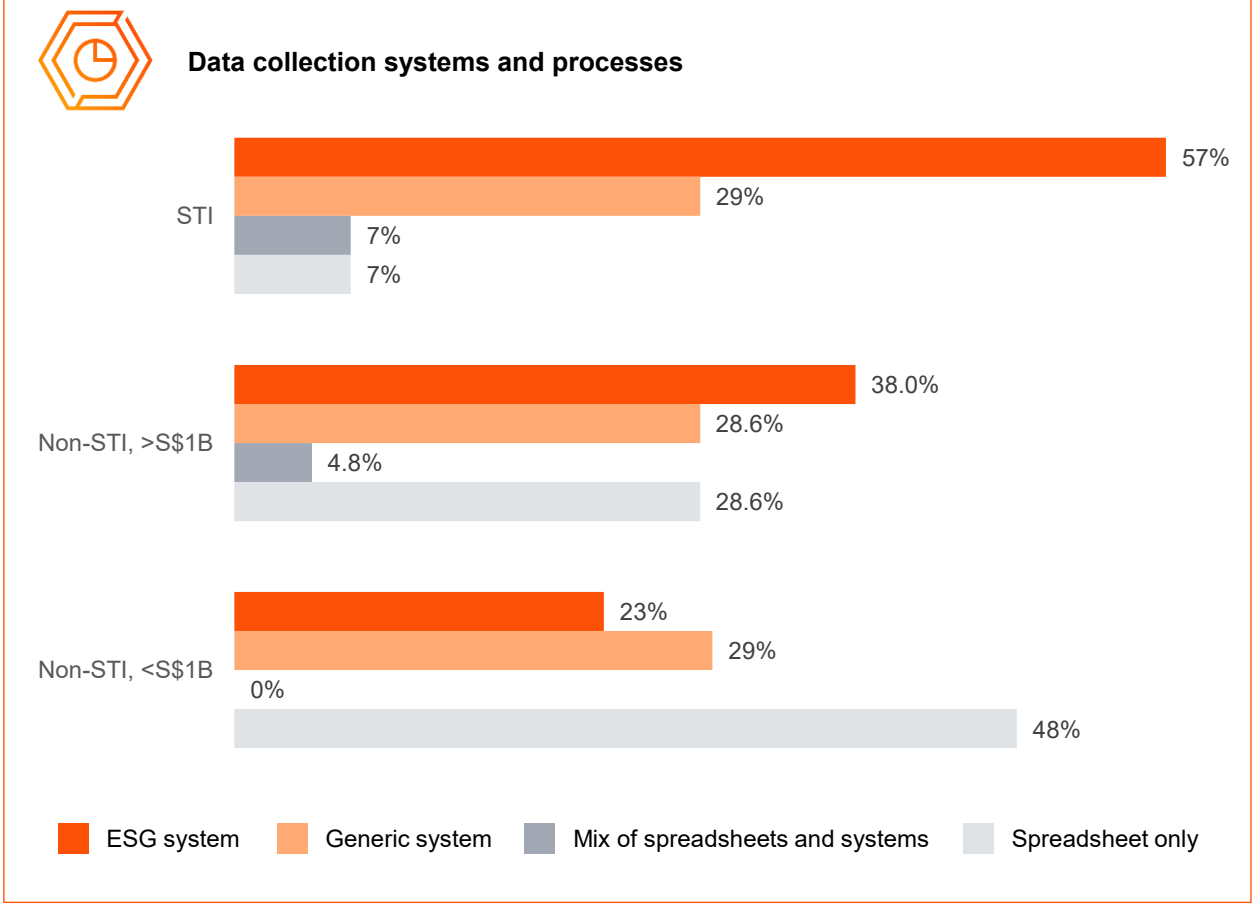
- 87% of all listed organisations have established formal policies for data collection.
- Among the 14 STI constituents, 21% have not implemented formal policies, which is higher than the overall average of 13%.

These findings suggest that while most companies recognise the value of formalised sustainability data processes, there are sector and organisation size differences in adoption reflecting varying reporting maturity or resource allocation for sustainability.

Data collection systems and processes

Question: Which of the following best describes the current system in use for collection and reporting of sustainability data within the organisation?

Chart 10



Why this matters

The systems and tools used for sustainability data collection and reporting differ widely across organisations, depending on factors such as business complexity, maturity of sustainability practices, and reporting obligations. As disclosure requirements become more comprehensive and data-intensive, manual processes such as relying on spreadsheets become increasingly prone to human error, inconsistency, and inefficiency. These challenges are compounded by the fact that sustainability data are typically sourced from multiple business units across the organisation, ranging from operations and procurement to human resources and facilities management.

To manage the growing volume, complexity, and frequency of sustainability reporting, companies are turning toward integrated sustainability data management systems. Such systems enable the centralisation, automation, and standardisation of data collection and processing, ensuring greater accuracy, traceability, and alignment with established reporting frameworks.

Beyond improving operational efficiency, a robust data management system enhances governance and auditability. It establishes an immutable record of when data were collected, how calculations were performed, and what assumptions were applied. This also provides a clear audit trail for external assurance providers.

State of practice

The survey findings indicate that organisations are at different stages of digital or automation adoption for sustainability data management.

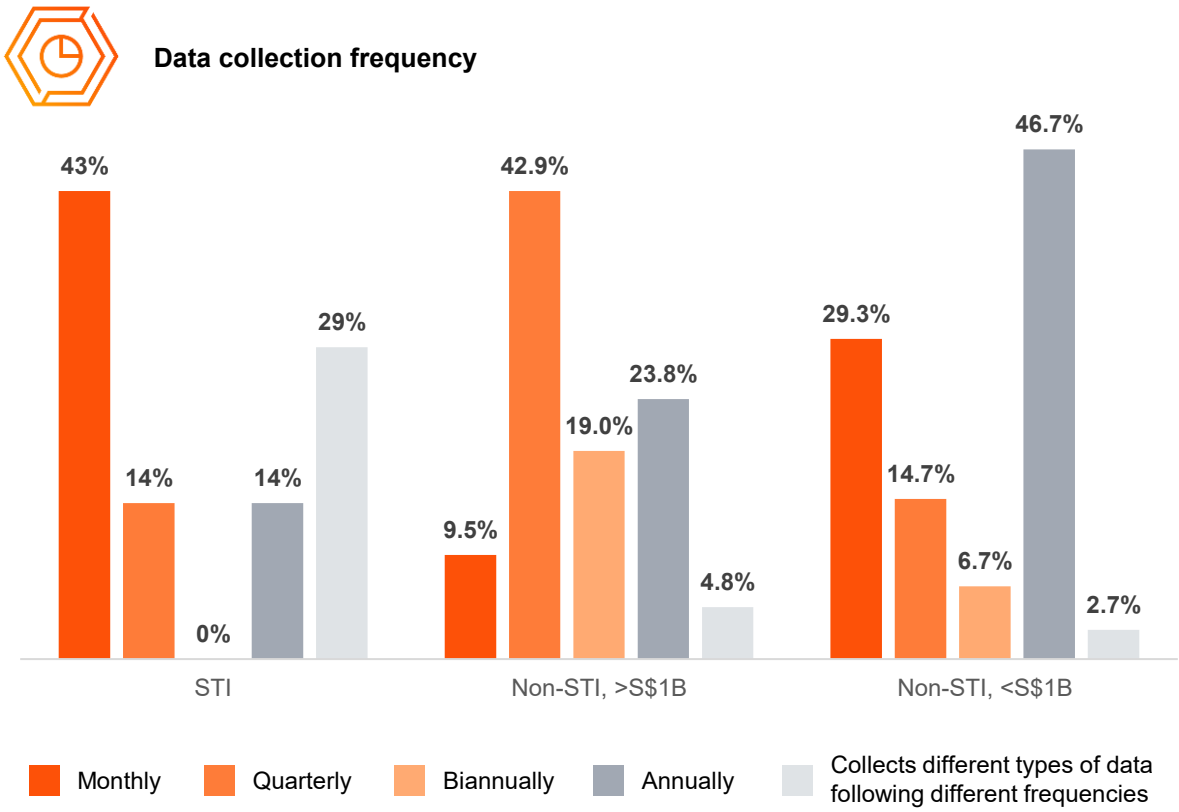
- 59% of organisations are utilising dedicated data collection systems. Within this group, roughly half employ ESG-specific systems, while the other half rely on generic data management platforms.
- 39% of organisations continue to rely solely on spreadsheets for sustainability data collection and reporting, with smaller non-STI constituents making up the largest proportion (48%) of this group.
- Only 2% of organisations use a hybrid approach, combining spreadsheets with system-based solutions.

These results highlight a clear trend toward employing systems and tools for sustainability data collection and reporting, particularly among larger organisations, while a significant portion of smaller organisations continue to rely on spreadsheets, exposing them to risks of errors and inefficiencies.

Data collection

Question: How often does your company typically collect and aggregate data for sustainability reporting purposes?

Chart 11



Why this matters

Frequent data collection enables organisations to capture real-time trends and leading indicators of sustainability performance within shorter timeframes. This approach allows for early detection of anomalies and faster implementation of corrective actions, reducing the risk of performance deviations going unnoticed. It also improves traceability, making it easier to identify and address gaps or missing data in the reporting process.

While annual or bi-annual data collection may still be sufficient for sustainability reporting, it often limits a company's ability to identify inefficiencies and performance fluctuations in a timely manner.

For instance, if a spike in carbon emissions or an increase in water consumption is only discovered months later, the organisation may have already incurred unnecessary utility costs or suffered from undetected operational issues such as leaks or equipment inefficiencies.

To overcome these challenges, organisations can leverage digital transformation and automation technologies, including smart sensors, digital meters, and integrated data management platforms, to enhance both the frequency and granularity of data collection. These tools not only improve data accuracy and timeliness but also enable predictive analytics that support proactive decision-making and more effective sustainability management across the enterprise.

State of practice

The majority of organisations surveyed demonstrate strong performance in meeting reporting timelines.

- 96% of organisations are able to complete data collection and reporting within 4 months of the financial year-end, reflecting broad alignment with SGX RegCo requirements.
- Among these, 61% are able to complete data collection and reporting within one to three months, suggesting a high level of data readiness and internal process efficiency.
- Despite these positive results, some organisations (4%) continue to face isolated challenges in consolidating and verifying sustainability data. These may be due to fragmentation of data sources across business units and geographical locations, limited automation in data aggregation, and dependency on external stakeholders for data inputs.

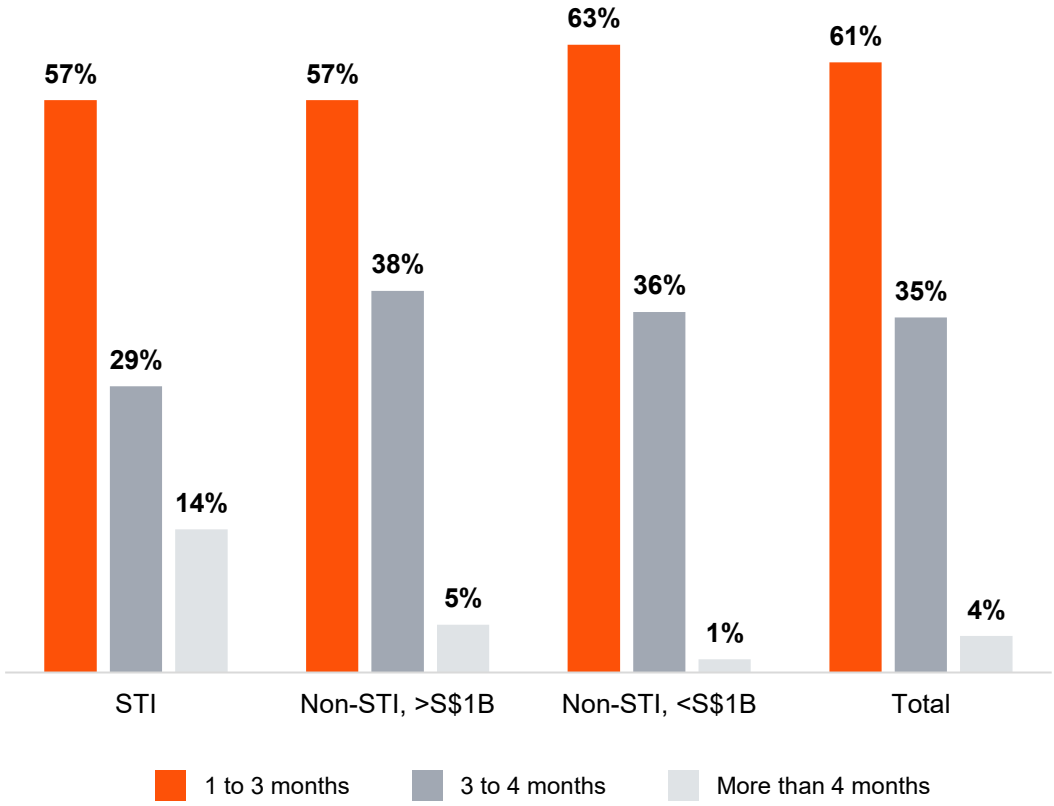
- While there are slight variations in the time taken to complete data collection and reporting across the three buckets of listed companies, the overall trend remains consistent. Across all groups, majority of companies complete the process within 3 to 4 months—63% of smaller non-STI constituents, 57% of larger non-STI constituents, and 57% of STI constituents—indicating broadly similar practices despite some differences in distribution.

Time taken to complete data collection and reporting process

Question: How long does it take to complete the data collection and reporting process from your company's sustainability reporting year end (or period end, if interim data is collected)?

Chart 12

Time taken to complete data collection and reporting process



Why this matters

SGX RegCo mandates specific deadlines for sustainability reporting, making the efficiency of the internal data process a matter of regulatory compliance. Listing Rule 711A, effective from 1 January 2026, requires an issuer to issue a sustainability report to shareholders and the SGX for its financial year at the same time as the issuance of its annual report, or where the issuer has conducted external assurance on the sustainability report, no later than 5 months after the end of the financial year.

Beyond regulatory compliance, timely sustainability reporting offers strategic advantages. Providing investors and stakeholders with current, relevant, and verified data supports more informed decision-making and enhances market confidence in the company's sustainability performance.

State of practice

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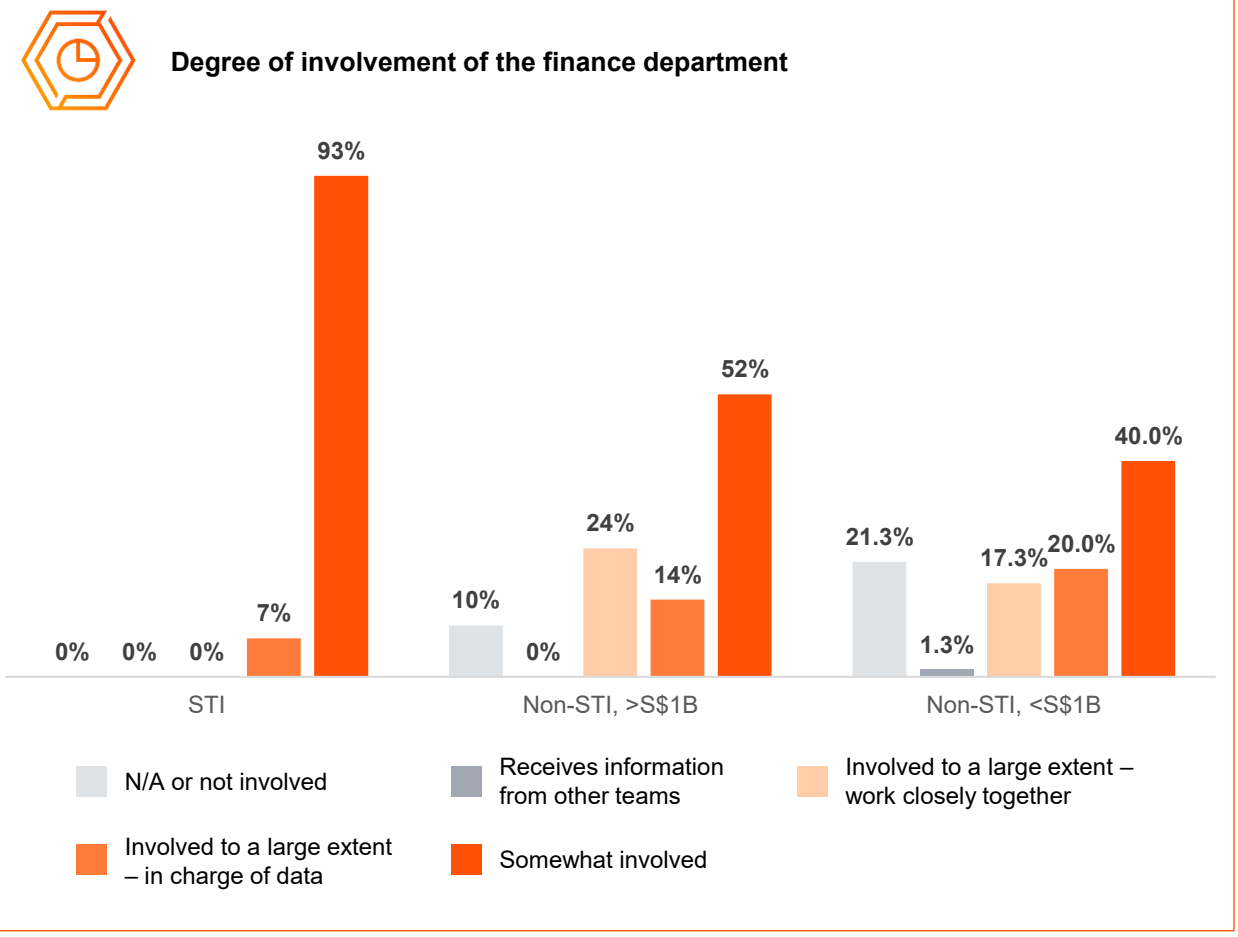
Degree of involvement of the finance department

Question: If financial figures are included as part of sustainability reporting (e.g. spend-based figures), how involved is the Finance department?

Chart 13



Why this matters

The involvement of the finance department signifies a shift of sustainability data being integrated into financial figures. The introduction of IFRS S1 and S2 will motivate higher involvement of the finance department due to the requirements in disclosing information about sustainability and climate-related risks and opportunities that may impact cash flows, access to finance, or cost of capital. As a result, finance functions are becoming more deeply involved in sustainability reporting and strategy, leveraging their expertise in data integrity, financial analysis, and assurance processes to strengthen the quality and credibility of sustainability disclosures.

When the finance department is involved in quantifying sustainability risks and opportunities, conducting scenario analysis and financial modelling, as well as establishing internal controls for sustainability data, strategic decisions will shift from being evaluated solely on their immediate financial returns to being assessed through a more holistic lens of long-term sustainability and financial resilience. This integrated approach fosters stronger alignment between financial performance and sustainability outcomes, enabling companies to make better-informed investment decisions, allocate capital more efficiently, and enhance stakeholder confidence.

State of practice

- 83% of organisations have involved their finance department in sustainability. Approximately half of these organisations have involved their finance department in a large extent which includes finance departments taking charge of sustainability data and working closely with finance departments.
- All STI constituents have integrated finance into sustainability efforts, whereas 21% of smaller non-STI constituents and 10% of larger non-STI constituents have yet to involve their finance departments.

These findings highlight a growing recognition of the strategic role of finance in sustainability, particularly among larger organisations.

Incorporation of ESG training into capacity building programmes

Question:
- Does your organisation incorporate ESG topics into its employee capacity-building programmes?
- How often is ESG training provided to employees?
- Do you believe that the current level of ESG training adequately prepares your staff to contribute to accurate and comprehensive sustainability reporting?

Chart 14

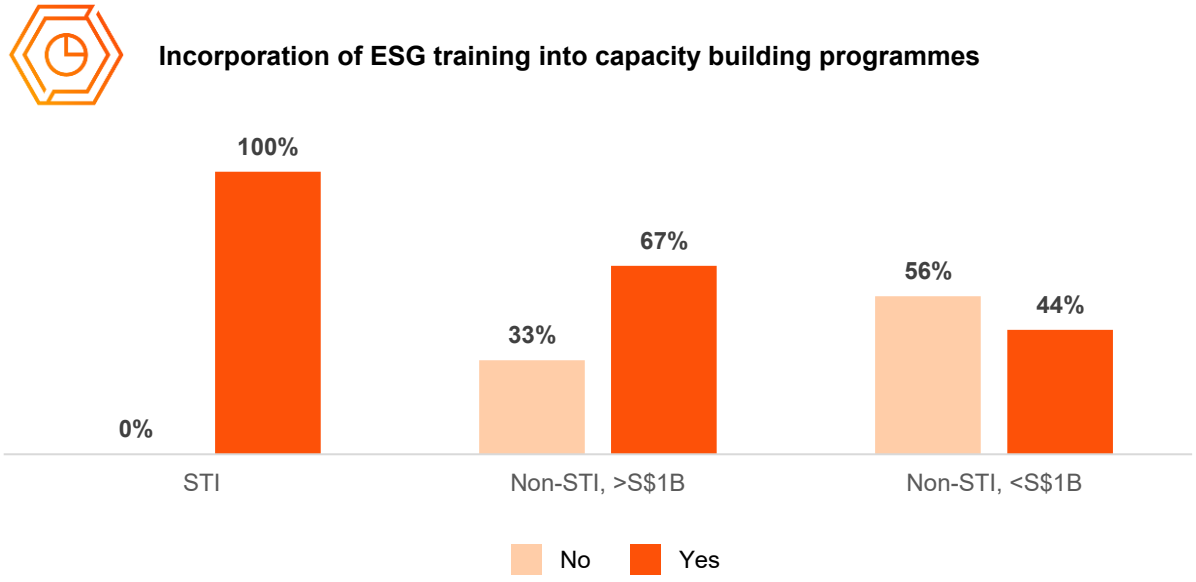


Chart 15

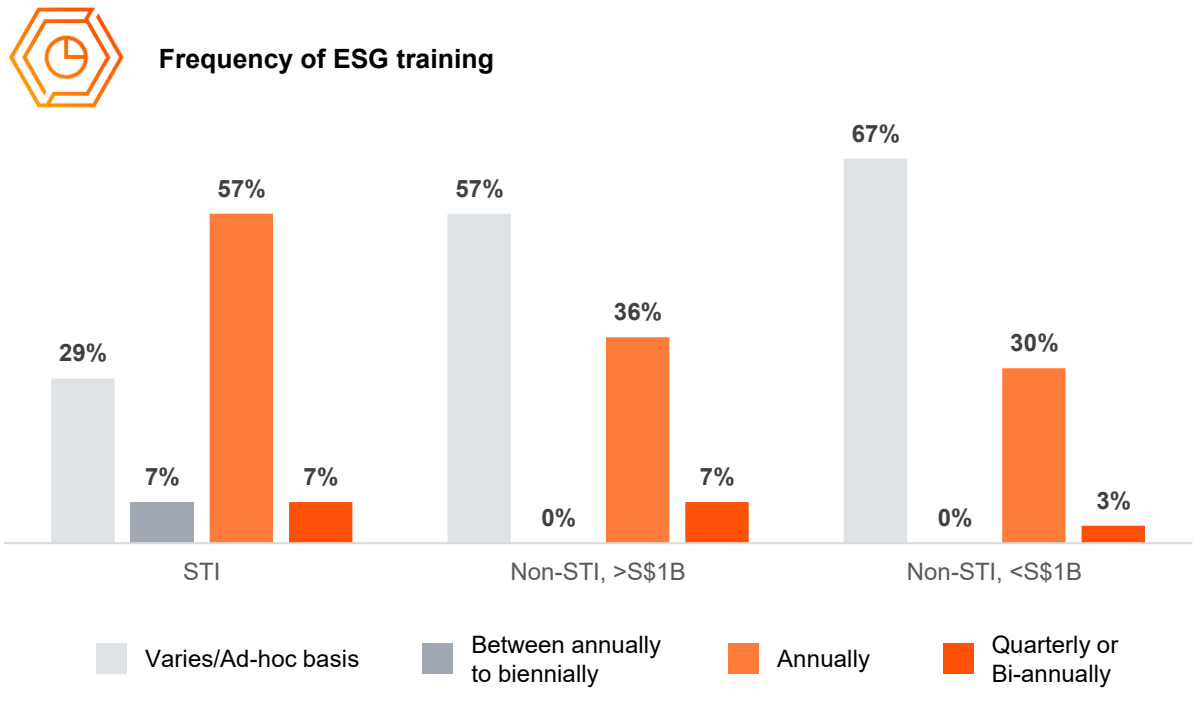
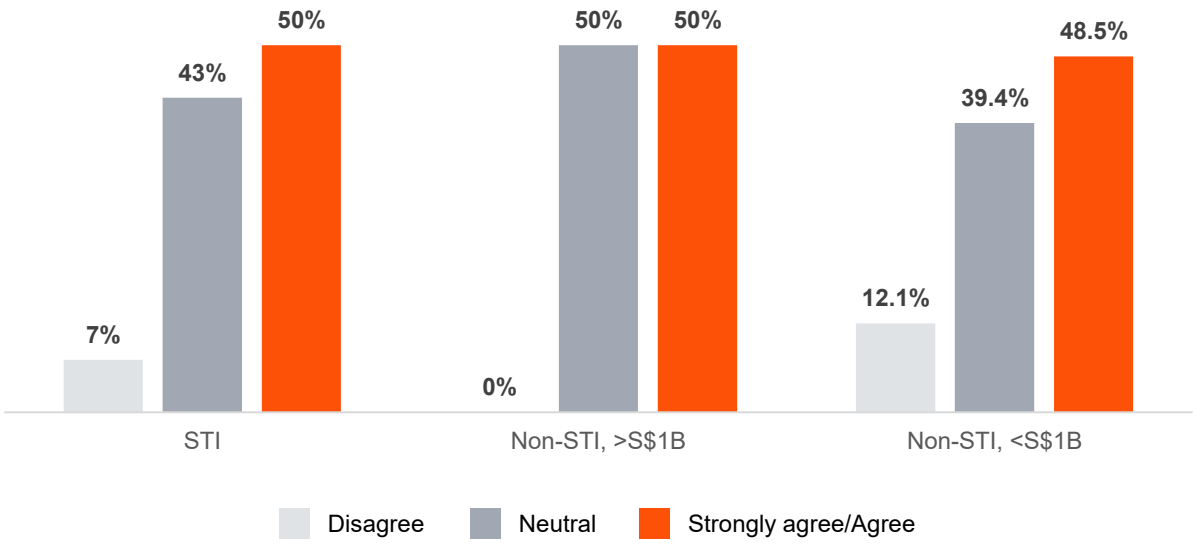


Chart 16

When asked if the current level of training is sufficient



Why this matters

While digital tools, formal policies and processes play an important role in facilitating the collection, aggregation, and analysis of sustainability data, building strong internal capacity remains critical. Internal capability ensures that data is accurate, credible, and contextually meaningful, and that sustainability principles are integrated into day-to-day business operations.

In many organisations, sustainability metrics are dispersed across various business units or departments across the organisation. This may include facilities management that collects energy, water and waste management data, human resources track diversity and training hours, and procurement manages supplier screening and Scope 3 emissions data.

Capacity building is therefore essential. It equips employees with the knowledge to understand what data to collect, how to define and measure it according to recognised sustainability frameworks, and why the data is important in achieving the organisation's sustainability goals. A trained employee is also better equipped to spot emerging sustainability risks and opportunities that are relevant to their function.

For instance, a supply chain analyst trained in human rights standards can identify non-compliant practices in the value chain before it escalates into regulatory fines or reputational crises. Another example is where a trained employee can identify opportunities for resource efficiency that translates into cost savings.

State of practice

The survey reflects an increasing awareness of the importance of internal capability in sustainability management.

- 55% of organisations have incorporated ESG training into their capacity building programmes, reflecting a growing recognition of the importance of internal capability in sustainability management.
- Among these, 56% provide training on an ad-hoc basis, while 38% conduct sustainability training annually, indicating a more structured and ongoing approach to skills development.
- The content of these training programmes primarily covers sustainability reporting frameworks (84%), emerging trends in sustainability reporting (77%), and GHG protocol for Scope 1 and 2 emissions (74%), indicating a focus on compliance and disclosure readiness.
- However, only 49% of organisations believe that their current training programmes adequately prepare employees to support accurate and comprehensive sustainability reporting. This highlights a capability gap, where training may exist, but its effectiveness in implementation and application remain limited.

Internal reviews

Question:
- Do you have formal written procedures including clear roles and responsibilities to guide your organisation's internal review over sustainability data?
- If an internal review of your organisation's sustainability reporting process is currently performed or is planned for the future, who performs or will perform the review?

Chart 17

Presence of formal written procedures over internal review of sustainability data

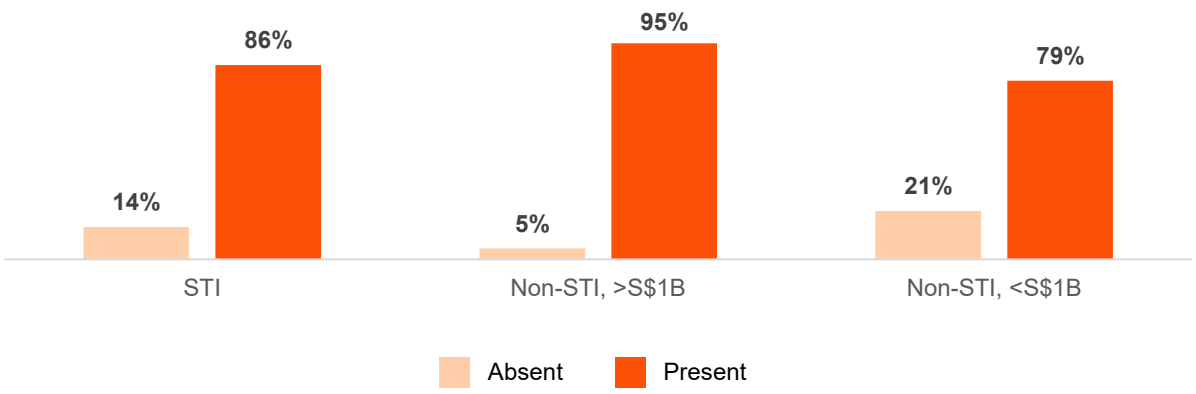
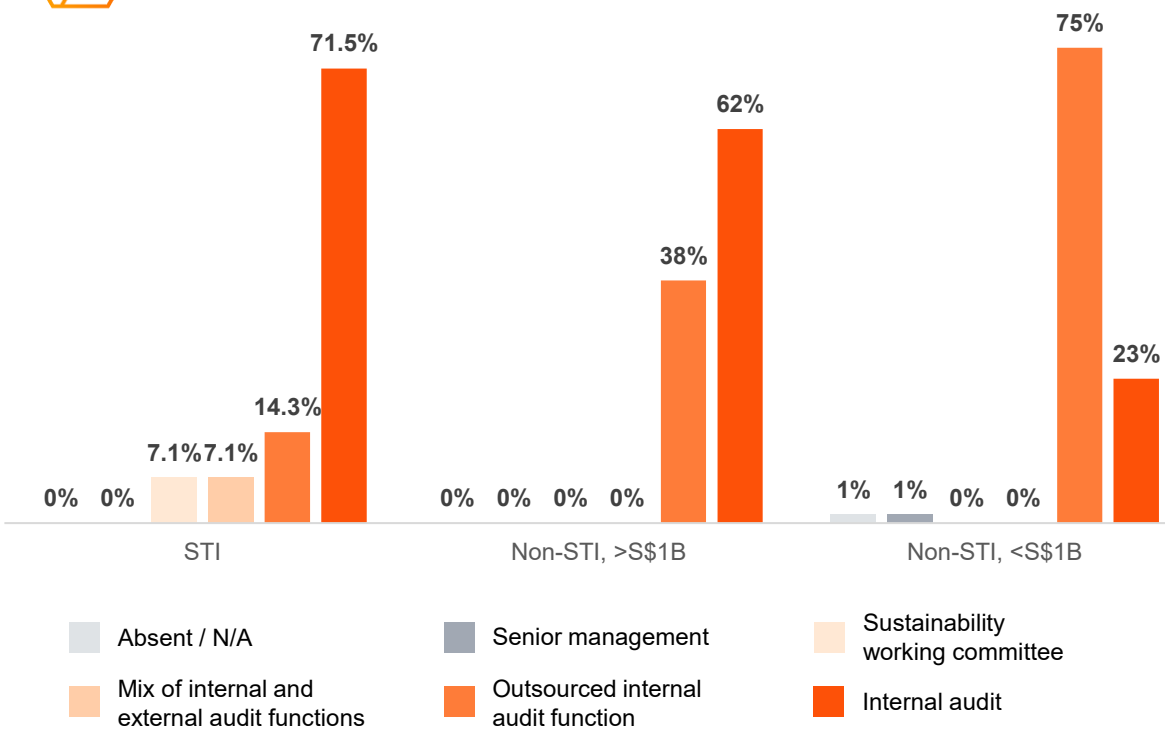


Chart 18

Functions performing internal reviews of sustainability reporting processes



Why this matters

An internal review of sustainability reporting processes plays a critical role in ensuring the accuracy, consistency, and integrity of reported data. It also helps organisations mitigate regulatory, reputational, and greenwashing risks by verifying that disclosures are aligned with both internal policies and external reporting standards. The way a company structures and conducts its internal review reflects its governance maturity, also ensuring that the information provided to the board of directors overseeing the organisation's sustainability strategy is credible and reliable.

SGX RegCo's Sustainability Reporting Guide recommends the internal review of the sustainability reporting process should build on the existing governance structure and to be incorporated into the internal audit plan. This process may involve relevant functions including risk management, sustainability or other specialist functions to ensure a comprehensive assessment of the reporting process and data quality. involve relevant functions including risk management, sustainability or other specialist functions to ensure a comprehensive assessment of the reporting process and data quality.

While senior management involvement in internal review demonstrates leadership commitment, it also introduces a potential risk of bias. Therefore, while senior management review is essential for strategic oversight, it should be supplemented by an independent function such as internal or outsourced audit functions. The internal audit function conducts the internal review and may involve relevant functions such as risk management, sustainability, or other specialist areas. Identified processes relating to sustainability reporting should be incorporated into the internal audit plan, which should cover key aspects of the sustainability report. This review may take place over an audit cycle—spanning one or several years—based on risk-based planning as approved by the Audit Committee. In prioritising areas for review, the expectations of the Board, management, and other stakeholders should also be taken into account.

Engaging an external or outsourced audit function can be particularly beneficial when internal teams lack sufficient sustainability expertise or capacity. External reviewers bring specialised knowledge of evolving sustainability frameworks, awareness of emerging regulatory requirements, and benchmarking insights drawn from cross-industry experience.

State of practice

The survey findings reveal that most organisations have established some level of internal review for their sustainability reporting.

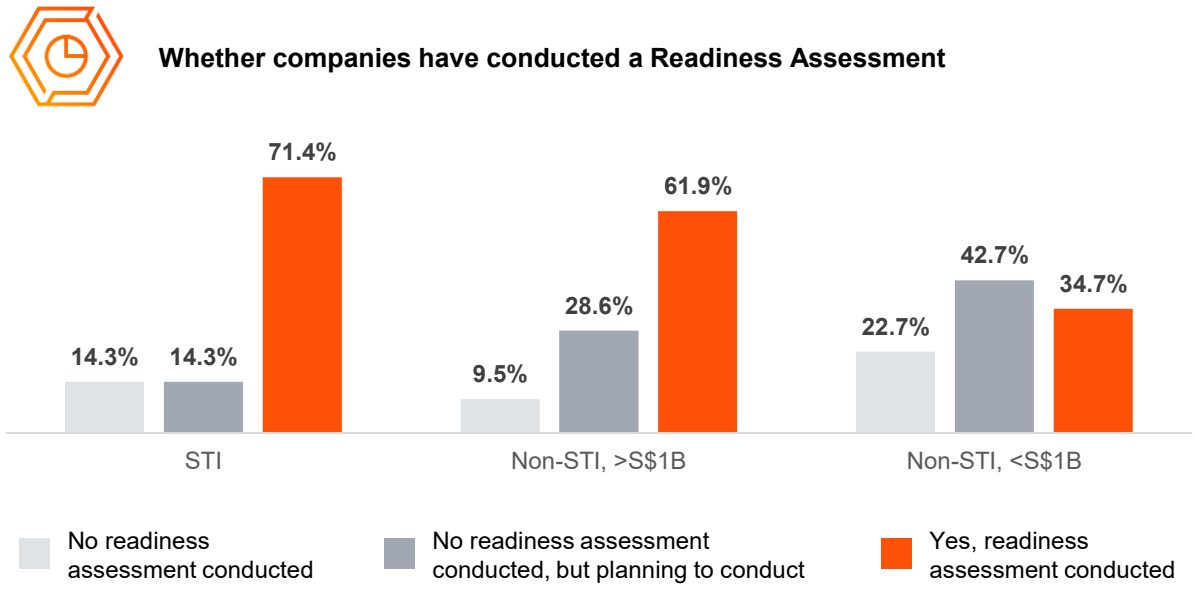
- 83% of organisations have established formal policies for conducting internal review of their sustainability reporting processes.
- Among those that have not yet formalised internal review policies, majority are smaller non-STI constituents.
- When asked who performs the internal review, 60% of organisations indicated that they outsource their internal review process, while 36% conduct reviews internally.
- This trend is especially pronounced among smaller non-STI constituents, where 75% outsource their reviews, compared with 38% of larger non-STI constituents and only 14% of STI constituents.
- 71% of STI constituents engage their internal audit functions to perform the review, while a small number have adopted either a hybrid approach, by combining internal and external audit teams, or delegating the review to internal sustainability working committees.

These findings suggest that while most organisations have made progress in establishing formal governance structures for sustainability data review, many still rely heavily on external expertise to supplement limited internal capability.

Readiness assessment

Question: Has your organisation undertaken (or is in the process of undertaking) a readiness assessment for external assurance (or for the additional scope)?

Chart 19



Why this matters

A readiness assessment for external assurance is an independent evaluation conducted prior to a formal assurance engagement to gauge an organisation's preparedness for external verification of its sustainability information. This assessment involves a comprehensive review of the company's sustainability reporting processes, data quality, and internal control frameworks, ensuring that the necessary systems and documentation are in place to support a credible assurance process.

The assessment helps to identify gaps in the reporting process, data collection methodologies, internal controls and documentation. Addressing these gaps early enables companies to enhance data integrity, streamline reporting processes, and strengthen the internal controls required for assurance.

Beyond technical improvements, a readiness assessment also serves as a valuable capacity-building exercise. It familiarises internal teams with the rigour, expectations, and documentation standards of a formal external assurance engagement, helping them better understand assurance criteria and evidence requirements.

State of practice

- 45% of organisations have carried out readiness assessment for external assurance, indicating growing awareness of the need to strengthen data credibility ahead of regulatory requirements.
- While 55% of organisations have yet to carry out a readiness assessment, two-thirds of these organisations expressed that they are planning to conduct a readiness assessment in the future.
- This highlights the growing urgency for these organisations to begin assessing their readiness for external assurance to ensure compliance and build the necessary capabilities for external assurance.
- Among STI constituents, the level of maturity is notably higher. 86% have either carried out readiness assessments or obtained external assurance. The remaining two organisations have indicated plans to conduct a readiness assessment.

External Assurance

Question: Which of the following best describes your organisation?

Chart 20

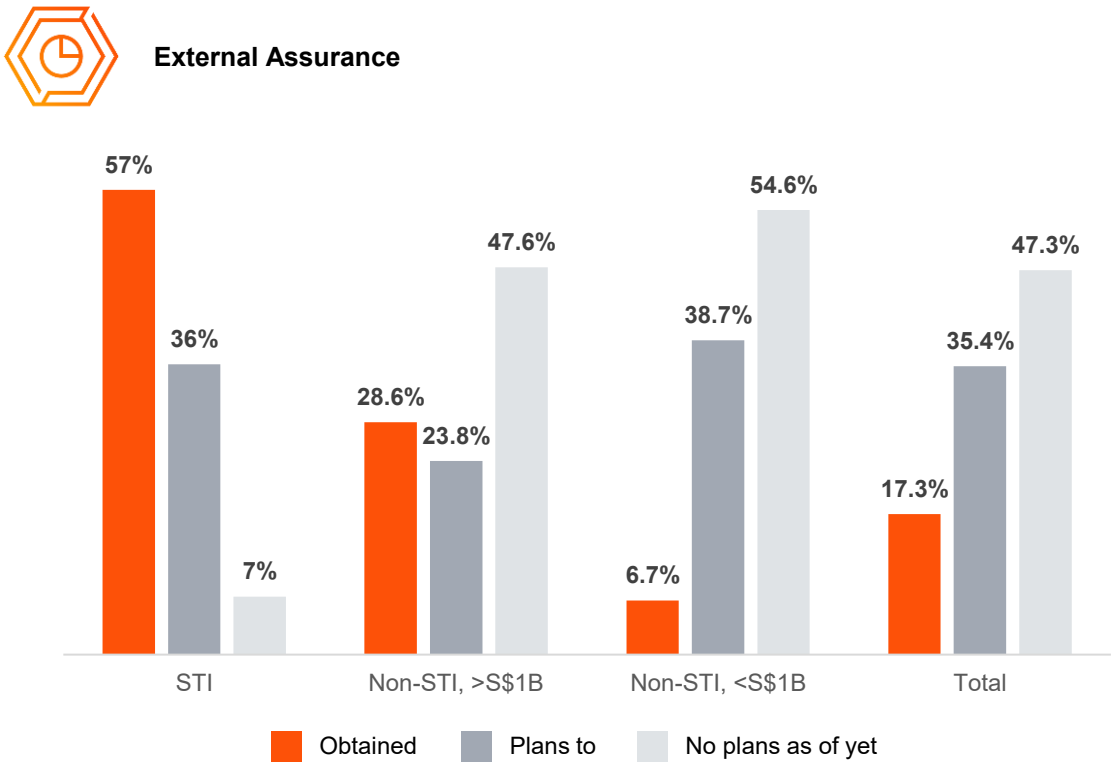
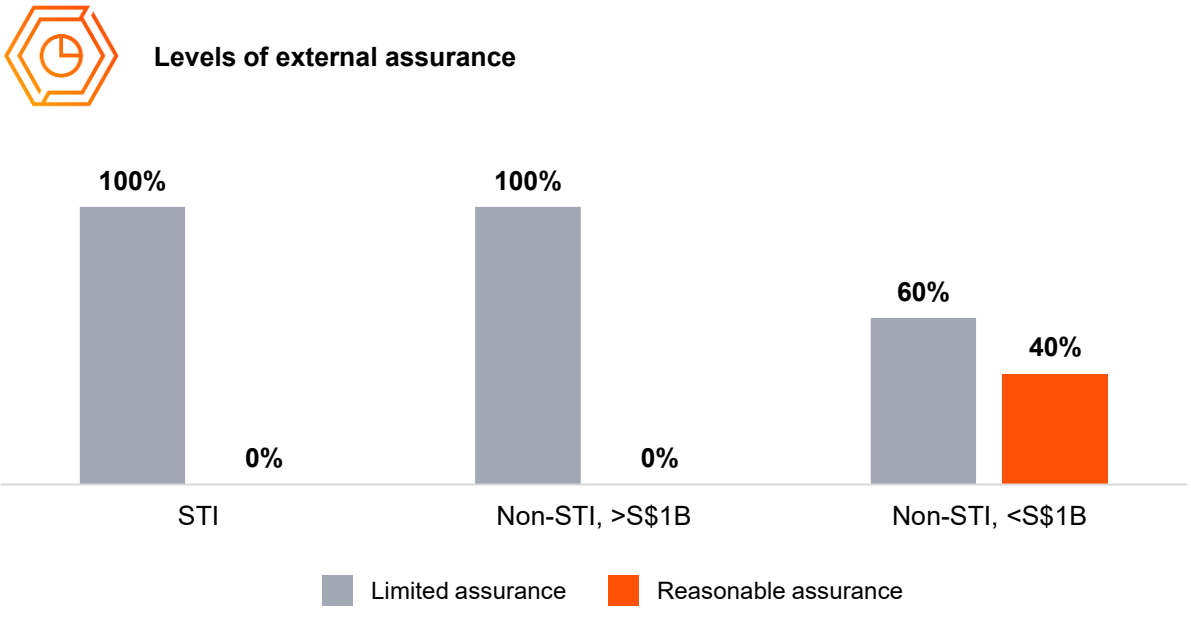


Chart 21



Why this matters

External assurance serves as an independent verification process that enhances the credibility, transparency, and reliability of a company's sustainability disclosures. By obtaining assurance from an independent third party, organisations demonstrate their commitment to accuracy and accountability, strengthening stakeholder trust and reinforcing their reputation for integrity in reporting.

Assured sustainability data not only gives investors, regulators, and the public greater confidence in the quality and reliability of reported information but also helps companies identify gaps and improve internal data management processes. Importantly, external assurance helps organisations mitigate regulatory, reputational, and legal risks that may arise from inaccurate or misleading disclosures, which can have significant financial and trust implications.

Globally, regulators are moving toward mandatory external assurance to ensure consistent and comparable sustainability information. Under the European Union's Corporate Sustainability Reporting Directive (CSRD), companies within its scope are required to obtain limited assurance on all disclosed sustainability information starting in 2025, with expectations to progress toward reasonable assurance in the future. In Singapore, SGX RegCo has announced that limited assurance on Scope 1 and Scope 2 greenhouse gas (GHG) emissions will become mandatory from FY2029 for all listed issuers. This requirement will also apply to large non-listed companies—defined as those with annual revenue of at least S$1 billion and total assets of at least S$500 million—from the same year. Similarly, Australia will begin phasing in assurance requirements from FY2025, starting with limited assurance and gradually progressing to reasonable assurance. Malaysia is also moving in this direction, with a proposed phased approach starting from FY2027, currently under consultation, aiming for reasonable assurance as the end goal.

State of practice

- Despite the extended timeline for mandatory climate reporting and assurance, 17% of organisations have already obtained external assurance for their sustainability reports. This indicates an early adoption and proactive governance among a minority of companies.
- Another 35% of organisations have indicated plans to obtain external assurance, suggesting that many are beginning to prepare for the upcoming mandate. These companies are likely in the process of strengthening documentation systems and processes while enhancing readiness for assurance engagements.
- However, close to half the organisations (47%) have yet to plan for external assurance, signalling a potential readiness gap and underscoring the need for a clear transition roadmap.
- Among those that have already obtained assurance, the vast majority (89%) have obtained limited assurance, while a small proportion (11%) have achieved reasonable assurance. This reflects the current industry norm of starting with limited assurance before advancing to higher levels of assurance criteria.

- The sustainability assurance focus is mostly on climate-related financial disclosures. 65% intend to obtain assurance over Scope 1 and Scope 2 GHG emissions data, aligning directly with the upcoming mandatory requirements. 28% also plan to obtain assurance over Scope 3 GHG emissions data, which covers the entire value chain and is generally more challenging to track and verify.
- 26% organisations intend to obtain external assurance over other environmental information such as waste and water management data, indicating a broader push beyond emissions metrics.
- Assurance plans for social and governance data are significantly lower, the only 2 social and governance-related data that organisations intend to obtain assurance over are employee-related social data (25%) and anti-corruption and anti-bribery data (23%). The relatively higher assurance intentions for these metrics compared to other social and governance metrics, suggest that organisations may feel more prepared to support these disclosures with reliable data and internal controls. This prioritisation likely reflects areas where organisations already have established policies, processes, and reporting mechanisms—such as HR systems for employee data and compliance frameworks for anti-bribery practices. already have established policies, processes, and reporting mechanisms—such as HR systems for employee data and compliance frameworks for anti-bribery practices.

Thank you

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