

# CORPORATE SOCIAL RESPONSIBILITY

## ABOUT THIS CORPORATE SOCIAL RESPONSIBILITY REPORT

This Corporate Social Responsibility (CSR) Report outlines the various CSR initiatives undertaken by SGX and how these initiatives benefit respective stakeholders from the economic policies and practices SGX adopts, to the activities undertaken to contribute back to society and our commitment to caring for our environment.

### Global Reporting Initiative

We have used the Global Reporting Initiative (GRI) G3 Guidelines to prepare this Report. Based on its reporting criteria, this Report satisfies GRI requirements and GRI has verified this Report as an Application Level 'C' report.



### Reporting Period and Scope

This is SGX's first GRI Report, and it focuses on the operations of active subsidiaries of the SGX Group in Singapore and covers the period from 1 July 2008 to 30 June 2009. We intend to continue this reporting annually.

This Report details our CSR performance in relation to our principal businesses of providing a broad range of services, including listing, trading, clearing and settlement of securities and derivatives and depository services. We have focused on describing our current CSR practices in fulfilling the interests of our stakeholders, and our efforts in CSR are determined in accordance with our CSR Policy. The GRI Content Index outlines the specific GRI reporting elements and indicators addressed.

## OUR CSR POLICY

SGX views CSR as fulfilling the legal, legitimate and ethical interests of our stakeholders, as a commercial enterprise, employer, market operator and corporate citizen which supports our vision of building an enduring marketplace (see CSR framework on next page).

### Bases of Interest

SGX recognises that our accountability extends to the interests of multiple stakeholders through the different roles we fulfill. Stakeholder interests may be based on the law, conventional norms and/or ethical expectations. These demand our attention in different ways.

Strict legal rights are entitlements of stakeholders that are enshrined in the law or binding agreements. Legal rights have the sanction of the law. SGX must protect the legal rights of stakeholders.

Legitimate claims are entitlements asserted by stakeholders that are based on norms commonly accepted by agreement or convention. SGX will continue to perpetuate legitimate claims.

Ethical expectations are stakeholders' beliefs in entitlements that may be substantiated by moral considerations. Where justified, SGX seeks to meet these ethical expectations to promote stakeholders' interests.

Stakeholders' Bases of Interest	Action
Legal Rights	To Protect
Legitimate Claims	To Perpetuate
Ethical Expectations	To Promote

The bases of stakeholders' interests guide our CSR initiatives. As SGX continues to protect legal rights and perpetuate legitimate claims, we will use the opportunities presented by ethical expectations to further promote stakeholder interests.

The bases for stakeholders' interests may change over time as laws, conventions or expectations evolve. We will continually evaluate the implementation of our CSR initiatives.

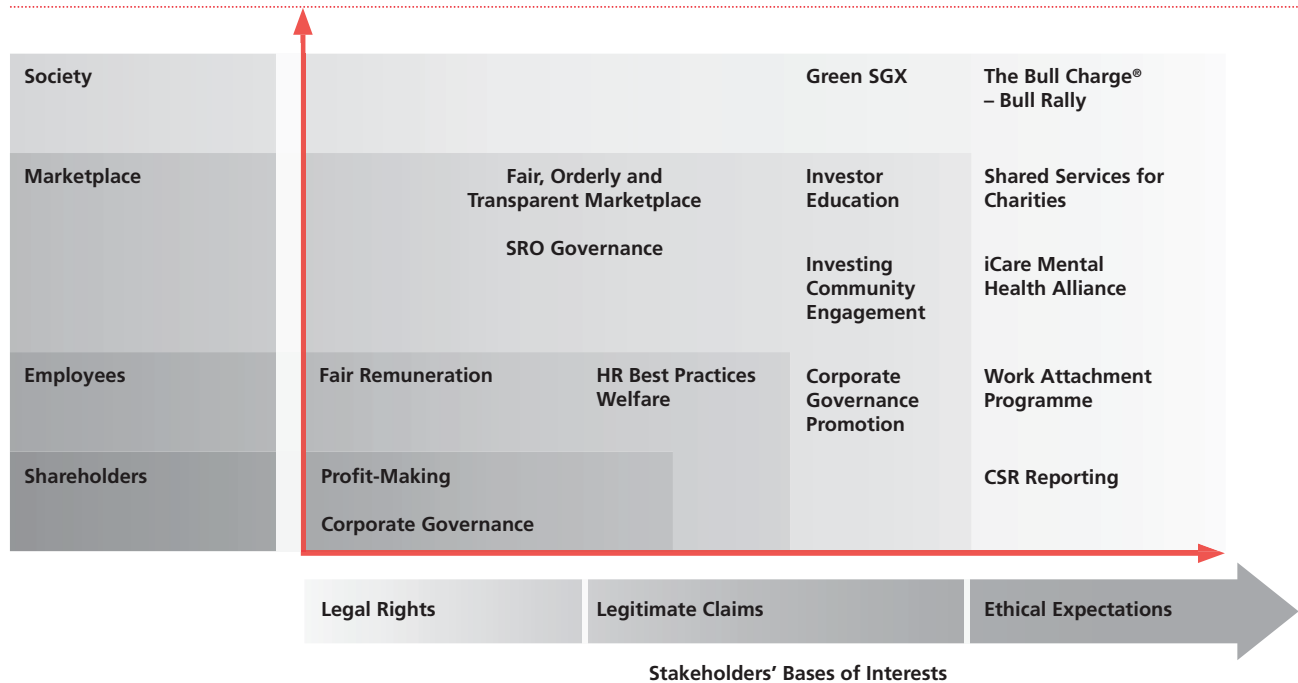
### Stakeholders

SGX's multi-faceted role engages four main groups of stakeholders. Each of these groups has interests grounded in the three bases mentioned above.

As a commercial enterprise, SGX is accountable to our shareholders.

As an employer, we endeavour to meet and exceed the expectations of our employees.

## CORPORATE SOCIAL RESPONSIBILITY



In fulfilling the interests of shareholders and employees, we perform the functions of a listed company and strive for a corporate culture that believes in CSR. SGX is also committed to actively engaging staff in CSR initiatives and supporting worthy causes.

As market operator, we serve the marketplace by upholding high regulatory standards and maintaining an efficient and robust infrastructure. In this role, SGX is committed to building an enduring and highly trusted marketplace.

As corporate citizen, we further the common good and make a positive impact on the general society.

We believe that good CSR practices engender sustainable businesses and underpin our vision of building an enduring marketplace. Accordingly, SGX seeks to lead and engage our listed companies and business partners in adopting good CSR practices.

## COMMERCIAL ENTERPRISE: FULFILLING SHAREHOLDERS' INTERESTS

### Upholding Corporate Governance

As both a listed company and regulator, SGX upholds the highest standards of Corporate Governance (CG). Our CG efforts have been recognised in independent studies conducted both locally and globally. For details of our CG practices, please refer to the Corporate Governance Report section of the SGX Annual Report.

### Legal and Ethical Standards

Beyond legal compliance, SGX upholds high standards of ethics, including communications in our marketing materials. We strictly adhere to the Singapore Code of Advertising Practices and ensure that all our advertisements are clear, fair, and reasonable and present a balanced picture of the product or service provided.

Stakeholders	SGX's Roles		
Shareholders	Commercial Enterprise	Listed Company	Building An Enduring Marketplace
Employees	Employer		
Marketplace	Market Operator	Market Developer	
Society	Corporate Citizen		

### **Internal Control**

SGX follows the Monetary Authority of Singapore (MAS) Guidelines on Risk Management and imposes mandatory block leave (MBL) requirement on staff of all levels. All employees must utilise their Annual Leave and be away from the office for a minimum period of seven consecutive calendar days, starting from a working day. Their authority is delegated to a covering officer during this period as an institutionalised internal control policy.

### **Delivering Our Promise**

SGX has conscientiously increased and delivered on its dividend commitments to shareholders in its 10 years as a listed entity.

### **EMPLOYER: FULFILLING EMPLOYEES' INTERESTS**

#### **Our People**

SGX is an equal opportunity employer. We celebrate diversity and hiring, retention and promotions are based on merit.

SGX believes in gender equality with distribution of jobs between men and women. Women also play leading management roles in SGX. 15 out of 36 units are headed by women. The key Risk Management & Regulation (RMR) group has been headed by Ms Yeo Lian Sim since 1 July 2004. Female Directors have served and continue to be on our Board.

We have a calibrated mix of employees from different age groups. Younger staff bring new ideas and fresh perspectives to SGX, while senior staff are an important source for continuity and leadership. As at 30 June 2009, 17.9% of our employees are below the age of 30, 76.1% of employees are between the ages of 30 and 50, while 6.0% of employees are above 50 years of age. We have an established programme to identify and groom future managers and leaders for the organisation.

SGX has 505 executive staff, supported by 64 non-executive staff as at 30 June 2009<sup>1</sup>. About 11.6% of our staff are represented by the Singapore Manual and Mercantile Workers' Union (SMMWU). SGX maintains good relationship with the Union and supports unionised staff. To ensure top performance in a sophisticated industry, SGX employs a highly qualified workforce. 73.0% of employees hold tertiary qualifications of a Bachelor's degree and above.

SGX has an extensive HR programme with various initiatives to support personal development and professional excellence while encouraging work-life balance. As a testimony of its commitment to staff, SGX has one of the lowest employee turnover rates in the banking and financial services sector of 12%, with age group distribution similar to our employee profile.

### **Learning and Development**

#### **Talent Management Framework**

SGX has a comprehensive Talent Management (TM) framework with clearly defined talent quotients and assessment tools to focus on key human resources development areas. TM is built on the belief that key areas of developments be focused on the strengths of employees in order to catapult talent into positions of leadership.

#### **Development Framework**

To unleash the full potential of employees, SGX has in place a development framework that focuses on the following development areas: technical skills, business skills, supervisory and managerial skills and personal strengths. Training is aligned to SGX's corporate goals and employees' core competencies.

Each group in SGX is given a training budget to aid development. All employees have ownership to achieve a minimum number of 40 training hours in a year. The RMR group, for instance, aims to provide each staff who has been employed for less than two years with 50 training hours and staff who have been on the job longer with 65 training hours annually.

In addition to company training schemes, SGX also provides financial subsidies, under its Education Assistance Programme, for employee-initiated courses that support the employee's career progression within SGX. The Financial Scholarship Programme, a partnership with MAS and other Singapore-based financial institutions, seeks to build a talent pool of specialists within the financial sector by sponsoring selected individuals for a full-time Master's degree from a list of top-ranked international and local universities.

Informal Brown Bag sessions conducted over lunch time facilitate a greater understanding of the functional areas within the Company and provide the context within which every job contributes to SGX's strategic direction. Topics covered span the business of SGX and are conducted by senior domain knowledge specialists.

<sup>1</sup> Staff under part-time employment category were counted as the equivalent of a full-time employee. Headcount excludes SICOM employees, representatives in Beijing and London and staff on unpaid/sabbatical leave up to six months or longer.

At the heart of our career development initiatives is the Individual Development Plan (IDP) for all employees. The IDP seeks to align career anchors of individual employees with their career advancement and recognises that career advancement takes many paths, none of which is intrinsically better than the other. The IDP provides a structured framework to solicit self discovery and monitoring. Areas of development include personal, domain knowledge and leadership.

#### **Cross-Functional Training and Domain Knowledge Building**

Recognising the different career development paths that employees may prefer, SGX offers the opportunity for employees to receive a wide range of training across different functional departments of SGX, or to concentrate on acquiring in-depth knowledge within a specific work domain. We view both career choices as equally aligned with our corporate goals. Cross-functional training allows the acquisition of multi-disciplinary knowledge which feed into current competency, while domain knowledge building is essential to maintain top functional performance.

#### **SGX Scholarship and Management Associate Programmes**

The SGX Scholarship Programme was started in 2000 to nurture and develop talented individuals for an eventual career at SGX. Scholarships are awarded to students pursuing their tertiary studies at the National University of Singapore (NUS), the Nanyang Technological University (NTU) or the Singapore Management University (SMU). To date, 33 scholarships have been awarded.

Scholars have internship opportunities at SGX. Upon graduation, scholars build core foundation skills at SGX through action learning and guidance from Managers in the first two years. Scholars may also be rotated across different functional groups to build cross-functional skills and an in-depth knowledge of the exchange business.

The Management Associate Programme was launched in 2006 to engage and develop bright and promising talents through active learning and a mentorship framework. To date, we have offered the Programme to 12 Management Associates.

Management Associates get wide exposure to the SGX business through rotations within the organisation. These include a working attachment in the CEO's office, learning and contribution opportunities in both frontline and back office functions and close involvement in business projects and special assignments. The two-year programme is aimed at accelerating the young hires' business and functional skills.

#### **Benefits**

SGX offers a comprehensive suite of benefits that are reasonable yet competitive with market practice. Our benefits programme also places a strong emphasis on the physical and mental well-being of our staff and their dependents.

We believe in helping employees achieve work-life harmony so as to enable them to be fully productive at work. In addition to adopting work-life harmony practices such as our SGX Health & Wellness Programme, part-time work arrangements and encouraging employees to spend quality time with their families through selected initiatives, we also offer in-house professional counselling service to employees and immediate family members.

#### **iCare Mental Health Alliance**

In support of the national effort to raise the mental well-being of all Singaporeans, SGX became a part of the iCare Mental Health Alliance in July 2008. An employer-led alliance, it focuses on promoting mental health and wellness at the workplace. The alliance identified a framework of 10 recommended practices for adoption by companies in the private sector. We have nine out of 10 practices in place and look forward to introduce the 10th practice by the second half of 2009.

#### **Leave Changes**

We review our benefits practices on a regular basis to ensure they remain competitive with market practice. Our annual and sick leave entitlements have been revised to maintain external equity. We have also introduced paid volunteer leave to support our Corporate Social Responsibility efforts where all employees can participate in voluntary work at charities supported by The Bull Charge®.

### **MARKET OPERATOR: FULFILLING MARKETPLACE'S INTERESTS**

#### **Self-Regulatory Organisation Governance**

Self-Regulatory Organisation (SRO) governance within SGX ensures that our regulatory decision-making is not compromised by our commercial objectives. MAS, our statutory regulator, has a collaborative relationship with us with regard to SRO governance and the maintenance of high regulatory standards.

Full details on our SRO Governance practices are reported in the SRO Governance Report section of the SGX Annual Report.

## Promoting Corporate Governance

As a regulator and leading financial institution, SGX promotes the highest standards of Corporate Governance (CG) for Singapore-listed companies. CG sets out the principles, standards and processes by which institutions and organisations, through their boards of directors and senior management, regulate their business activities. These principles balance safe and sound business operations while complying with the relevant laws and regulations.

Full details on our CG practices are reported in the Corporate Governance Report section of the SGX Annual Report.

SGX plays a lead role in collaborations and discussions with the Accounting and Corporate Regulatory Authority (ACRA) on key issues. SGX provides feedback to ACRA and other organisations on surveys or recommendations on improvements relating to the CG of companies.

In particular, SGX supports the Singapore Institute of Directors (SID) in its efforts to enhance director training and professional development in CG practices.

SGX, together with the MAS and the ACRA, established the Audit Committee Guidance Committee (ACGC) last year. In October 2008, the ACGC launched a Guidebook, developed with

extensive industry input, to share the experiences, knowledge and practices of audit committee members.

## Fair, Orderly and Transparent Marketplace

As both market operator and a regulator, SGX is a principal actor in Singapore's financial marketplace. The Operating and Financial Review section of the SGX Annual Report elaborates on the initiatives we have undertaken to build and deliver a fair, orderly and transparent marketplace.

## Public Policy Development

SGX emphasises market-oriented regulation. We keep market participants informed of our regulatory philosophy, processes and practices as well as our views on emerging issues and market development. Before making rule changes, we typically publish consultation papers to understand market perspectives more comprehensively before finalising decisions. We maintain a "Regulators Column" to raise awareness of listing and governance issues affecting relevant market participants including investors, listing aspirants, listed companies, issue managers and professionals.

In this financial year, the following public consultation papers were issued:

Title of Consultation Paper	Date issued	Date closed
Proposed Amendments to the Listing Rules	10 Jul 2008	7 Aug 2008
Proposed Penalty Framework for Non-Delivery of Securities	13 Nov 2008	4 Dec 2008
Transparency Measures in Relationship to Short Selling	27 Nov 2008	22 Dec 2008
Introduction of Internet Based System for Registration of Negotiated Large Trades	1 Dec 2008	15 Dec 2008
Proposed Launch of SGX Options on MSCI Singapore Index Futures Contract	29 Dec 2008	8 Jan 2009
Revised Requirements for Direct Business Trades	20 Jan 2009	6 Feb 2009
Revisions to Derivatives Clearing Fund Structure	23 Jan 2009	20 Feb 2009
Introduction of Listing Rules for Non-Commercialised Life Science Companies	11 Feb 2009	3 Mar 2009
Revised Settlement Processes to Manage Non-Delivery of Securities	10 Mar 2009	31 Mar 2009
Revised Price Limits for Nikkei Futures and Nifty Futures Contracts	14 May 2009	28 May 2009
Proposed Rule Amendments to Facilitate Clearing Arrangement Between SICOM and SGX	28 May 2009	17 Jun 2009
Proposed Revisions to CDP Clearing Fund Structure and Introduction of Large Exposure Collateralisation for Securities	25 Jun 2009	13 Jul 2009

### **Engaging Our Investment Community**

At SGX, we place a premium on fostering a strong relationship with our investment community, who form a large proportion of our key stakeholders. The Operating and Financial Review of the SGX Annual Report elaborates on the initiatives taken to engage members, listed companies and retail and institutional investors to serve them better.

### **Investor Education**

SGX has always promoted investor education and financial literacy among the general public through regular seminars and events.

In FY2009, SGX Academy ran a total of 79 events, seminars and courses targeted at retail investors with a total of 4,500 participants benefiting from them. SGX also administers the Investor Education Fund (IEF) which seeks to improve investor understanding and their ability to make better informed investment decisions. This was kicked off with the publication of reference guides to equip retail investors with the skills to obtain important information in Annual Reports and ask pertinent questions during Annual General Meetings.

## **CORPORATE CITIZEN: FULFILLING SOCIETY'S INTERESTS**

### **Community Impact**

#### **Work Attachment Programme**

Against a backdrop of rising unemployment caused by the global economic downturn, SGX was the first financial institution in Singapore to introduce a Work Attachment Programme (WAP) to assist fresh graduates from tertiary institutions. WAP gives fresh graduates working experience and helps them pick up useful corporate skills while they continue to seek permanent employment. WAP trainees received a monthly stipend to cover their personal expenses during their stints at SGX. From the start of the WAP on 1 April 2009 till 30 June 2009, we employed 36 fresh graduates, of which 21 had successfully found alternative employment by 30 June 2009 and two decided to further their studies.

#### **Bull Rally 2009**

A year-long Bull Rally was held to raise awareness and encourage staff participation for SGX's signature annual charity event, The Bull Charge®. A bottom-up initiative led by our Management Associates, the Bull Rally brings out the creative spark and taps on the abilities of our staff to initiate activities that raise spirits among staff, rally the community and reach out in meaningful ways to the beneficiaries of The Bull Charge.

Despite difficult market conditions leading to tighter purse strings, the Bull Rally has proved to be a big success. Staff from various business units got together to organise a *Hong Bao*

*Collection* drive over the Lunar New Year season, a sale of *Roses For A Lovely Cause* during Valentine's Day, an inter-division Touch Rugby tournament, among other initiatives. Besides promoting staff interaction, Bull Rally helped our 12 beneficiaries raise funds.

#### **The Bull Charge 2008**

The Bull Charge 2008 raised \$2.1 million for a record 19 beneficiaries helping needy children, families and youths. Into its fifth consecutive year, 2008 also marked the first time The Bull Charge supported an overseas charity.

Since the inaugural charity run in 2004, The Bull Charge has raised over \$12 million for the less fortunate in our society. The event also gives the charities an opportunity to raise awareness of their cause in the financial and corporate community.

### **Green SGX**

Mindful of our fragile environment, SGX embarked on a series of green initiatives. Spearheaded by our Management Associates, these included a campaign to raise awareness among staff about environmental issues and how the organisation as well as each individual can play their part in simple ways. A recognition award for staff who display exemplary Green leadership was also started.

At the organisational level, SGX committed to raise the indoor ambient temperature to 23.5 degrees Celsius, which translates into a savings of about 30,000 kg of carbon dioxide a year.

In FY2009, SGX consumed a total of 26,038 kg of printing paper in our operations. All the paper used is not made from recycled paper, but we practise recycling our used papers. The Company has also committed to reduce printing of documents, and taken the step of making the switch to more environmentally friendly paper products and supplies. We have also dispensed with serving bottled water. Staff and guests have access to filtered or boiled water instead.

## **BUILDING AN ENDURING MARKETPLACE**

SGX has been taking progressive steps in our CSR journey through each of our roles – as a commercial enterprise, an employer, a market operator and a corporate citizen. These are building blocks in our quest to build an enduring marketplace. Going forward, we hope to encourage our partners and stakeholders to take similar steps, even as we ourselves progress on this journey towards a better world for all.

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