

Sustainability 05

Sustainability Report

CEO Statement:
Building an Enduring
Marketplace

Sustainability goes beyond abiding by the rules and ticking the boxes. Our ultimate motivation for practicing sustainability is to safeguard and uphold the confidence and integrity of our markets well into the future.

In the past few years, we have reported on our corporate social responsibility efforts. This year, we formalised our sustainability strategy and set ourselves some ambitious targets. We are positioning sustainability as an agenda for which we are accountable. The key areas that we intend to embark on and focus our reporting going forward are aligned with our stakeholders' expectations. These areas include:



Governance

Upholding high standards of governance is in the DNA of our people. Singapore has always been internationally recognised for maintaining high levels of governance. As the market operator and regulator, we guard our role and responsibility in upholding a quality marketplace. How we instil governance and monitor the impact is pivotal to our business and reputation. It is where our stakeholders expect us to be strongest. We will leave no stone unturned in seeking to continuously improve ourselves and meeting this expectation.

Social

This second pillar acknowledges the role of people and communities in growing our business. I am very proud of our people, the "Team SGX". Our approach to diversity, training and development, remuneration and other human resource policies define SGX as an employer of choice. It is not just how we treat our people, but also how we engage with the communities in which we operate in. Next year, we will be focusing our activities where we feel we can add the greatest value: financial literacy. So we will be reinvigorating our community engagement in this direction.

Environment

We don't operate factories nor manufacture goods so our environmental footprint is modest. That makes it very tempting to think this agenda is not important to SGX. However, our stakeholders tell us otherwise and we agree with them. We will closely watch and mitigate our impact to the environment in all ways possible. We have identified opportunities to limit our energy consumption (our biggest impact) and reduce our use of materials. Any cost savings generated from our efforts will be given to community outreach activities.

In addition to the sustainability of our own operations, there is the burgeoning concept of "sustainable stock exchanges", which recognises the unique and pivotal role of exchanges in driving sustainability among listed companies. This message was prominently raised at the recent United Nations Conference on Sustainable Development in Rio.

As a market operator, we maintain our responsibility in providing a fair, transparent and attractive gateway for issuers and investors seeking to access Asia. We will persevere with our role in advocating sustainability practice among listed companies and the communities. This is a journey that will have its ups and downs. But it will be worth it for the future of our industry. I hope you will find our 2012 report on sustainability insightful and if any of the content inspires you to get in touch, we welcome your comments at sustainability@sgx.com.

Sustainability Performance Overview

Governance

- There were no cases of bribery or corruption in SGX, no cases of anti-competitive behaviour and no fines for non-compliance with the law.
- All employees (including new joiners) are required to complete training on compliance requirements and refresh their understanding annually.
- SGX commissioned a survey to evaluate the levels of sustainability reporting in Singapore.

Social

- Employees hail from 16 different countries (18% of workforce is from 15 countries outside Singapore; the other 82% is from Singapore).
- All employees have received induction training, which includes Code of Conduct and Ethics.
- 55% of the workforce is female.
- 16% of our employees are below 30 years old; 76% of them are between 30 and 50 years old; 8% is over 50 years old.
- 14 employees have opted to take sabbatical leave.
- Over 10,000 hours of training completed (equivalent to 18 hours per employee).
- All employees undergo mid-year and annual performance reviews.
- SGX contributes to the Singapore Central Provident Fund (social security savings plan) for the 93% of employees who are Singaporean, or Singapore Permanent Residents.
- Employee turnover rate of 13.4%.
- Bull Charge fundraising total \$1.162million.

Environment*

	Figure reported in 2011	Figure reported for 2012
Electricity	1,754,997 kWh	1,517,007 kWh
Office paper	24.4 ton	31.5 ton
Paper recycling	111 ton	22 ton
Water	Not reported	2,400 m ³

Memberships

SGX is an active corporate member, and/or, SGX staff are represented in the following organisations and agencies:

International Participation

- Institute of Banking and Finance (IBF), where CEO Magnus Böcker is a council member
- China Enterprise
- Futures Industry Association (FIA)
- Futures & Options Association (FOA)
- International Securities Services Association (ISSA)
- International Swaps and Derivatives Association, Inc (ISDA)
- International Organisation of Securities Commissions (IOSCO)
- World Federation of Exchanges (WFE)
- Intermarket Surveillance Group (ISG)

Local Participation

- Singapore Compact for CSR
- Audit Committee of National Council of Social Services
- Shared Services for Charities Limited, where CRRO Yeo Lian Sim serves as one of the board members
- Singapore Institute of Directors Council (SID)
- Industry Advisory Council of NUS Business School's Centre for Governance, Institutions and Organisations
- Securities Investors Association (Singapore) (SIAS), where SGX is a sponsor for SIAS' Investor Education initiative
- Institute of Internal Auditors Singapore (IIA)
- Singapore Chinese Chamber of Commerce & Industry (SCCCI)
- Singapore Business Federation (SBF)
- Inland Revenue Authority of Singapore (IRAS)
- Singapore Corporate Counsel Association (SCCA)

Please refer to the "Corporate Governance" section for details of SGX's corporate governance awards at Page 33.

* Please refer to the "Energy" section for more details at Page 76.



About this Report

SGX has been publishing sustainability, or Corporate Social Responsibility (CSR), data in its Annual Reports since 2009. This is SGX's third Global Reporting Initiative (GRI) report and this year the G3.1 guidelines have been adopted. SGX believes that this report meets the GRI requirements for a B application level. The GRI report is published on SGX website at www.sgx.com.

The data included in this report was collected by the members of the SGX Sustainability Working Group and verified by the Sustainability Committee. SGX's most material area of sustainability—its corporate governance—is closely monitored by external organisations and SGX must adhere to the elevated standards of governance stipulated by the Monetary Authority of Singapore's (MAS) Securities and Futures Act. Due to this existing, stringent performance review, SGX has opted not to engage a third party assurance provider for the data in the sustainability section of this report.

The data is for SGX operations in Singapore only, not the global representative offices in London, Beijing and Tokyo, which are small and accommodate less than 10 people in total. Data is for the year 1 July 2011 to 10 June 2012. In the reporting process, data up to 30 May 2012 was collected and figures were projected for the rest of the reporting period. Where the actual data differ by more than 10 per cent from the projected data, the revised number will be published in the 2013 report.

In the 2011 Annual Report's CSR section, SGX published the commitment to form a CSR Committee. Subsequently, SGX has agreed to use the term "sustainability" rather than "CSR", because it more closely reflects the marketplace endurance and business resilience that SGX is aiming for.

Please direct any questions or queries about SGX's sustainability report to the Head of Communications at aijune.schult@sgx.com.

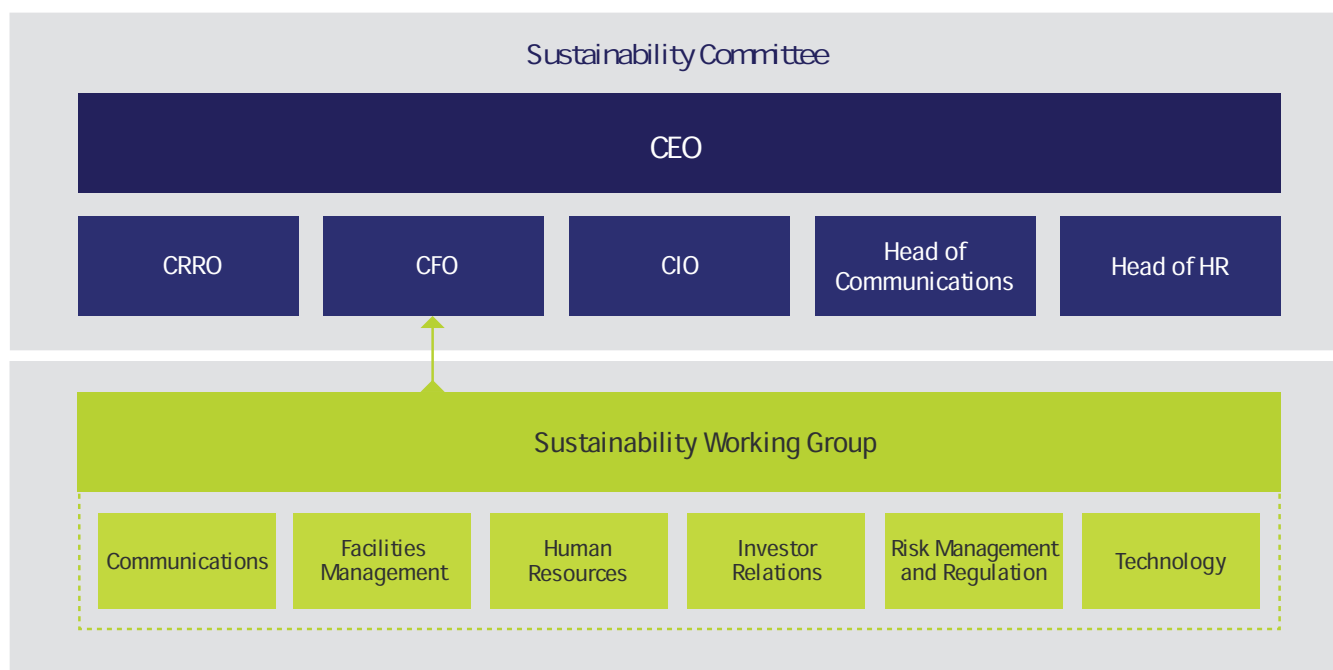
Managing Sustainability at SGX: Organisational Governance, Engagement and Commitments

Governance of Sustainability at SGX

Sustainability is a journey for every company, on which they aim to improve their performance in non-financial areas. This journey comprises many small steps and milestones towards agreed sustainability goals. At SGX, the goals and direction for this journey are set by the Sustainability Committee. Led by the CEO, the Committee also draws on the expertise of the Chief Regulatory & Risk Officer, Yeo Lian Sim; Chief Financial Officer, Chng Lay Chew; Chief Information Officer, Bob Caisley; Head of Communications, Ai June Schult; and Head of Human Resources, Arulraj Devadoss. The CEO delivers updates from the Sustainability Committee to the Board on a quarterly basis.

The Sustainability Committee meets quarterly and additionally on an ad-hoc basis as required. The sustainability budget is incorporated into the relevant department's operating budgets, except when a significant additional investment is required, in which case the Sustainability Committee will approve the additional spend.

The Sustainability Committee is supported by a Sustainability Working Group to implement the strategy. The CFO heads this Working Group, and acts as a conduit between the Sustainability Committee and Working Group. The Working Group includes representatives from Communications, Facilities Management, Human Resources, Investor Relations, Risk Management and Regulation, and Technology.



Stakeholder Engagement

Before setting the targets and goals for the sustainability strategy, SGX engaged two of its key stakeholder groups—employees and institutional investors—to better understand their perceptions of SGX's sustainability. These two stakeholder groups were chosen based on their knowledge of the business, their importance to SGX's operations and their accessibility for engagement. SGX employees were engaged through an online survey which sought their opinions on SGX's areas of focus in sustainability, their levels of awareness of existing sustainability initiatives, and their recommendations for future sustainability strategy. Over half of the SGX workforce (320 people) participated in the survey and their feedback was very informative for the strategy development process.

SGX has a wide base of over 1,000 international investors. For the purposes of this stakeholder engagement, a discrete group of 32 institutional investors was invited to participate in either focus groups (in Singapore) or in-depth interviews by telephone. Eight investors responded to the invitation and all opted for the telephone interview approach. Again, the investors' feedback was very useful and informative for the sustainability strategy development.

Stakeholders' Priorities

Issue raised by employee engagement

SGX employees consider corporate governance to be the most important area of sustainability for our organisation.

Our response (and Annual Report page reference)

SGX upholds the highest levels of corporate governance and promotes similar levels amongst listed issuers. For more details, see the Self-Regulatory Organisation Governance Report (page 29), Corporate Governance Report (page 33) and the following section on Governance in this sustainability report.

Although employees said that environment was of least importance to SGX's sustainability, over 80% said that they would like SGX to implement initiatives to improve its energy efficiency and waste management.

SGX has set goals to reduce its consumption of electricity and paper and will roll out training to employees to raise awareness of environmental saving initiatives. See the Environment section in this sustainability report (page 76).

Nearly two-thirds of employees described themselves as "partially informed" or "totally uninformed" about sustainability.

SGX will run a programme of employee-training and awareness-raising sessions for all employees over the next 12 months.

Over 60% of employees said that they wanted the focus of SGX community projects to be financial literacy.

SGX will increase the focus on financial literacy and will work with SGX Academy to develop and provide free seminars focusing on basic money management for targeted Bull Charge beneficiaries.

Issue raised by investors

There are mixed perceptions about the listing regulations and whether or not they are applied universally.

Our response (and Annual Report page reference)

SGX expects all companies to meet the same listing requirements, regardless of the country of origin, or the sector, of the company. In addition, SGX consults the market on new rules and requirements, such as in the case for early-stage minerals, oil and gas companies to list on the mainboard as announced on 21 June 2012.

There are varying degrees of understanding of SGX's power to enforce its listing regulations. Some investors feel that SGX should do more; some believed that SGX does not have the power to enforce the regulations; others said that the responsibility to vet for good governance lies with other parties—such as investment banks and auditors.

SGX supervises compliance of listed companies with the Listing Rules and SGX Members with the Trading and Clearing Rules. Any suspected breaches will be thoroughly investigated. Appropriate actions are taken against offenders, as laid out in the Disciplinary Framework found at www.sgx.com/regulation/disciplinary. A list of past disciplinary actions is published online.

Some investors raised questions about the SGX board composition.

The composition of SGX's Board is reviewed annually by the Nominating Committee which is responsible for reviewing all re-nominations of directors. The MAS approves all directors based on fit and proper criteria before they are appointed to the Board.

This year, SGX engaged two of its many stakeholder groups, employees and institution investors, specifically on sustainability. As an integral part of its business, SGX interacts with all stakeholders regularly, but not specifically or necessarily on sustainability issues.

Stakeholder Engagement Plan for the Next Three Years

Going forward, SGX plans to engage as many of its stakeholders as practicable on sustainability, whilst also revisiting some of the priority stakeholder groups. SGX has identified listed companies and issuers, member firms, local advocacy groups and communities, shareholders, media, employees, investors as well as regulators and authorities to be engaged over the next three years in order to review sustainability efforts on an on-going basis.

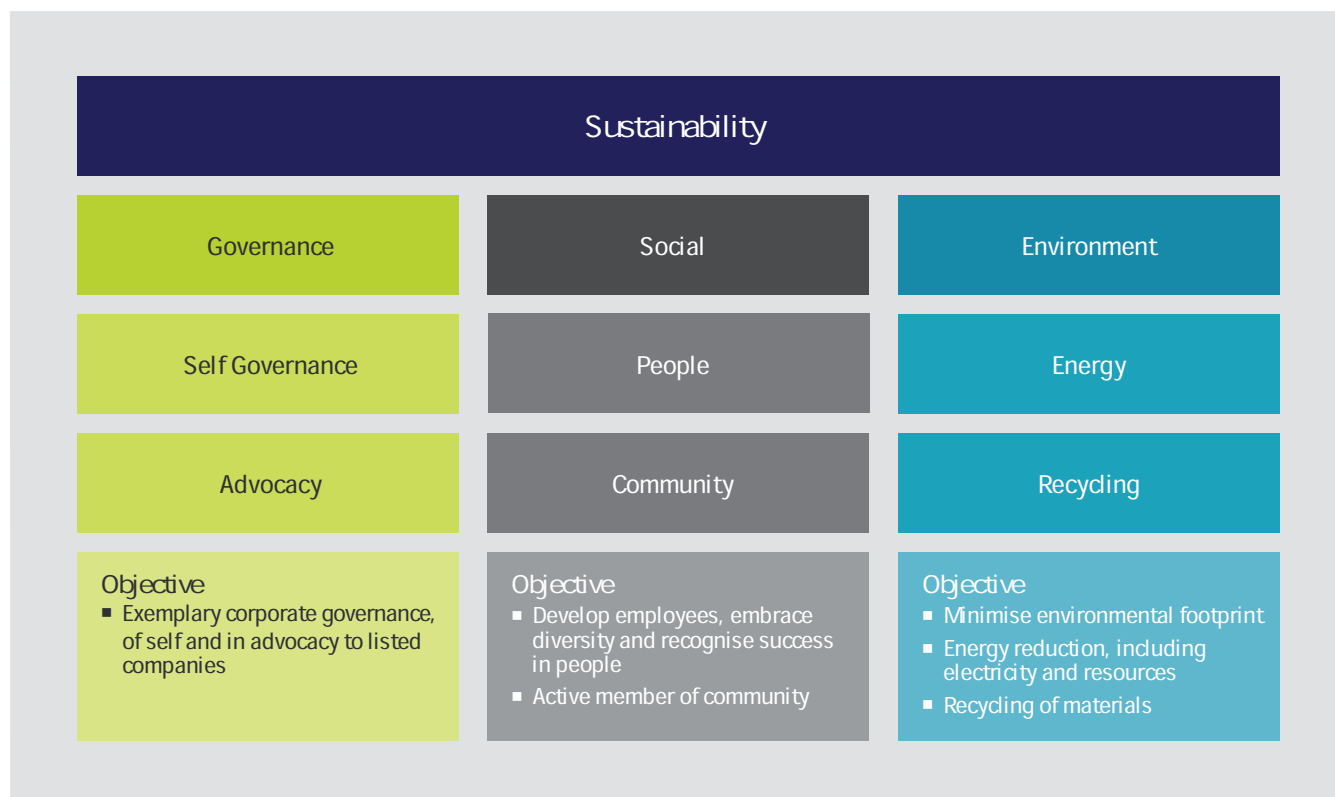
2013 Listed issuers, member firms, local advocacy group and communities

2014 Shareholders, the media, employees

2015 Investors, regulators and authorities

The Strategy

SGX developed its sustainability strategy based on the ideas and priorities of the Sustainability Committee combined with feedback from the stakeholder engagement process. This strategy is built upon the pillars of Governance, Social and Environment.

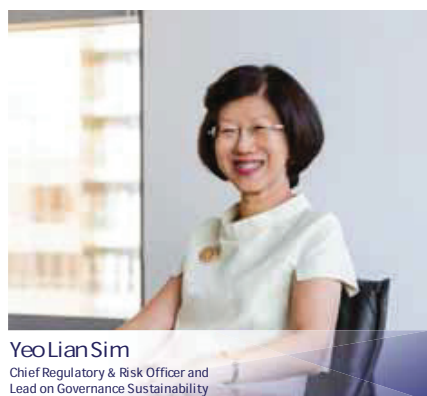


The Sustainability Committee agreed on time-bound targets for improvement in each of the areas in this strategy, based on existing standards and best practice. Employees have been nominated to be responsible for delivering the targets and the Sustainability Working Group members are responsible for monitoring progress towards achieving these goals, by gathering data on key indicators. You can read more details of the targets and commitments in the following sections.

Governance

Corporate Governance is an integral part of SGX's business: the corporate governance of SGX as a company, and in the capacity of market regulator. This dual role, with the potential to be conflicting, is managed by a robust Self-Regulatory Organisation framework. Please refer to page 30 for the Self-Regulatory Organisation Governance Report.

Leadership Insight



Yeo Lian Sim
Chief Regulatory & Risk Officer and
Lead on Governance Sustainability

“The frog does not drink up the pond in which he lives”, so goes an ancient adage. The concept of sustainability is not new. It comes from the collective awareness that our ability to serve the needs of current and future generations is dependent on responsible social and economic behaviour. Good governance is the pivot that enables the delicate balance between our ambition and a sustainable and balanced development for the future.

Governance Targets

Governance	
Clear articulation of SGX's dual role as regulator and exchange	2012 report
Define principles of engagement (stakeholder engagement plan)	2012 report
Deliver 4 training sessions per year to listed companies on sustainability	July 2013
SGX facilities to be used twice a year for sustainability-related events (in addition to the training above)	July 2013
Diversity target for management committee: 40% female	July 2013
Host 4 forums on Corporate Governance per year	June 2013
Conduct/commission 'thought leadership' research on Corporate Governance	December 2012

Corporate Governance of SGX

As a listed company and market regulator, SGX observes and abides by all relevant rules and provisions of the Securities and Futures Act (SFA), MAS Code of Corporate Governance for Financial Institutions, SGX-ST Listing Manual and Code of Corporate Governance. More details of this is found on page 33.

SGX: The Market Regulator

The Risk Management and Regulation group within SGX serves as a frontline regulator for the markets and clearing houses that it operates in Singapore. SGX collaborates closely with the relevant regulatory authorities, including the MAS, the Criminal Affairs Department (CAD), and the Accounting and Corporate Regulatory Authority (ACRA), to enforce rules and regulations with a view to building an enduring marketplace. SGX also works with the MAS to formulate rules that are appropriate for the development of the market. Please refer to the "Corporate Governance" section for details of SGX's corporate governance awards at Page 34.

Beyond Corporate Governance

The governance pillar of SGX's sustainability strategy goes beyond its compliance with the Code of Corporate Governance for Singapore and includes broader non-financial risk mitigation.

Business Integrity

A key factor in maintaining high standards of governance at SGX is ensuring that all employees are fully cognisant of SGX's standards and expected behaviours. All employees receive an induction when they join SGX, which includes an explanation of the 'Code of Conduct and Ethics', the 'Code of Confidentiality', and they also receive a copy of the 'Code of Dealing' and the 'SRO Conflicts Handbook'. New employees are also required to complete training on general Compliance requirements, code of dealing in securities, anti-money laundering and SRO conflicts modules within 2 months of joining SGX. Existing staff are required to complete refresher training on these 4 modules annually as well.

Key inclusions in the 'Code of Conduct and Ethics' are: conflicts of interest (which covers giving/receiving gifts and entertainment); confidential information; public relationships and communications; protection of SGX's assets; accuracy of books and records; internal controls; cooperation with authorities; compliance with laws; and, good work environment (which covers respect at work and anti-discrimination policy).

These Codes are the foundation of high levels of business integrity and in this reporting year there were no cases of bribery or corruption in our business, no cases of anti-competitive behaviour and no fines for non-compliance with the law.

Business Continuity

The services of exchanges and marketplaces are an essential part of many economies. SGX aims to provide round-the-clock services which are operational, available and secure. While unforeseen circumstances and externalities may threaten this aim, business continuity is of utmost importance for SGX. SGX has made significant investments in risk mitigation and data protection, including a more flexible technology infrastructure.

Business Continuity and Risk Mitigation Investment

- SGX relocated to a new purpose built, high specification primary data centre facility and at the same time upgraded the secondary data centre. The new and upgraded facilities provide SGX with the foundation to support our critical systems and services. The new highly secure facility is equipped with latest technologies including: a new high-performance network and storage infrastructure, biometric ID-screening and robust perimeter security operating on a round-the-clock basis. Both facilities have ample capacity to cater for organic growth and new business opportunities.
- SGX and industry participants conducted a series of exercises to test the business continuity plans. All the exercises concluded successfully, meeting the respective business continuity objectives.
- SGX also implemented new technologies to further strengthen protection against the loss of electronic data and information residing in its infrastructure.

Promoting Transparency and Disclosure

At the end of the last financial year, SGX published its 'Guidelines to Sustainability Reporting for Listed Companies'. These Guidelines were launched at an event, open to all listed companies, in the SGX auditorium in June 2011. SGX has commissioned a survey to evaluate the impact that these Guidelines have had on levels of sustainability reporting in Singapore. In March 2012, SGX hosted the inaugural ESG Asia conference. Organised by Responsible Investor and Responsible Research, investors and companies presented and discussed Environment, Social and Governance issues and the importance of greater sustainability disclosure in Asia.

SGX continuously explores ways to promote and enhance greater levels of sustainability disclosure amongst its listed issuers.

Singapore Corporate Awards (SCA)

The SCA was launched in September 2005 as the umbrella awards for exemplary corporate governance practices in Singapore. The SCA include the Best Annual Report Award (ARA), Best Managed Board Award (BMBA), Best Chief Financial Officer Award, Best Investor Relations Award, and Best Chief Executive Officer Award.

The SCA is organised by The Business Times and supported by SGX together with partners from other businesses in Singapore.

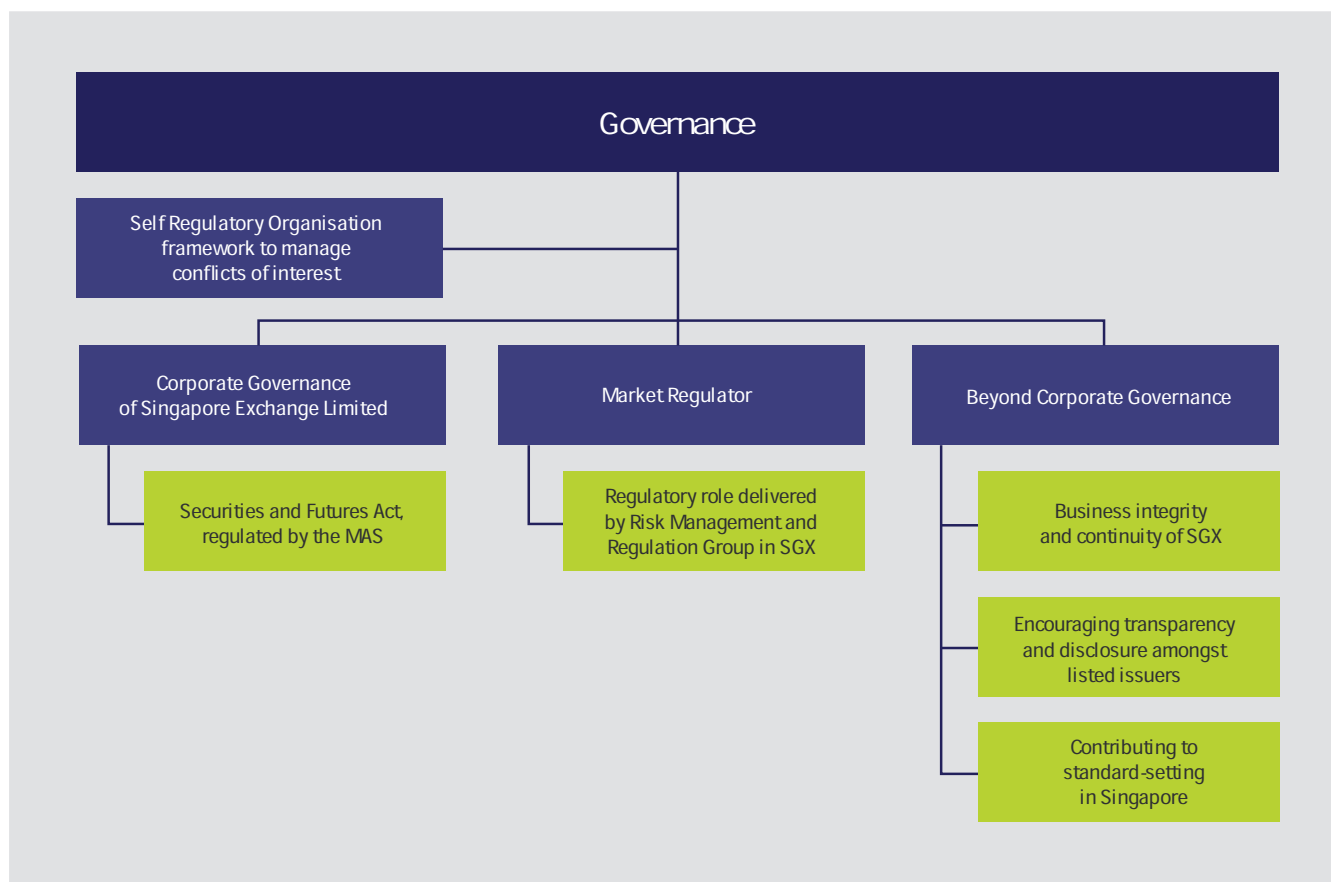
Review of the Singapore Code of Corporate Governance

In 2011 and 2012, the MAS led a process to review the Singapore Code of Corporate Governance (the "Code"), in which SGX participated.

The Code came under the purview of MAS and SGX with effect from 1 September 2007. Compliance with the Code is not mandatory but listed companies are required under the SGX Listing Rules to disclose their corporate governance practices and give explanations for deviations from the Code in their annual reports.

The Corporate Governance Council conducted a comprehensive review of the Code, and submitted its recommendations to MAS on 22 November 2011. MAS issued a revised Code of Corporate Governance on 2 May 2012. The 2012 Code of Corporate Governance will supersede and replace the Code that was issued in July 2005. The Code will take effect in respect of Annual Reports relating to financial years commencing from 1 November 2012.

Governance at SGX:



The above graph depicts the general structure of governance at SGX. Please refer to the SRO and corporate governance reports for more details.

Support from the Government

For FY 2012, SGX received \$152,000 in tax reliefs and credits and \$2.6 million in grants.

Social

The social pillar of SGX's sustainability strategy encompasses workplace practices and relationships with the local communities. In the Singapore operations, we have a staff strength of 594, out of which 4 are working on part-time basis. With their unique skills, each employee is critical to the business and is assured of fair opportunities, benefits and merit-based promotions or rewards. SGX also encourages employees to have a work-life balance through various initiatives. Equally, SGX is privileged to be able to positively impact and support the local communities in Singapore.

Leadership Insight



Keeping SGX as THE place to build a career is one of our top priorities. We have a great team of people who excel in what they do and are passionate about giving back to society. Our people give their time, heart and mind to SGX and in turn, we continue to be an equal-opportunity and nurturing employer. In the coming year, we aim to strengthen our efforts in diversity practice, take on more community outreach and reinforce our support of work-life balance. SGX is successful because of its people and I am proud to be a member of this family.



Social Targets

Social	
Appoint person in charge of People Sustainability Strategy	Completed (May 2012)
Draft community policy <ul style="list-style-type: none"> Establish Key Performance Indicators for fundraising initiatives Include employee volunteering guidelines Honour existing community partnerships and commitments responsibly until 2015 	December 2012
Track employee diversity (with a view to achieving management team diversity target) <ul style="list-style-type: none"> Data already being collected 	Existing, ongoing
Measure employee training	Existing, ongoing
Increase by 10% year-on-year the number of employees attending at least one seminar/briefing on lifestyle topics per year <ul style="list-style-type: none"> Series of lunchtime (or other) briefings to be arranged, on topics such as work-life balance, healthy eating, time management, exercise etc. Track number of 'unique' (that is, not repeat) attendance 	June 2013
Disclose pay-by-gender ratio	2013 report
Draft HIV/AIDS policy <ul style="list-style-type: none"> Post on intranet 	August 2012
Define lifelong learning policy	2013 report

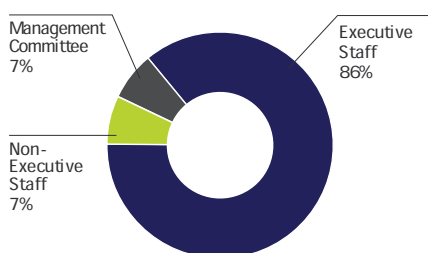
Social: Workplace Practices

Workplace Diversity

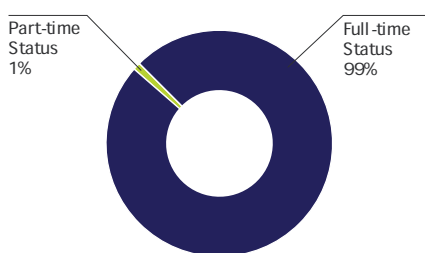
SGX is an equal opportunity employer and strives to inculcate a culture which embraces diversity. Diversity plays a key role in our dynamic industry to ensure our adaptability in the global marketplace. 18% of our staff hail from 15 countries including Australia, British Virgin Islands, Canada, China, France, Hong Kong, India, Indonesia, Malaysia, Philippines, Poland, Sweden, the United Kingdom, the United States of America and Vietnam.

SGX has set a gender diversity target for its management committee (which includes the Executive Committee) of 40 per cent females by July 2013. There were no incidents of discrimination at SGX in the reporting period, which is testament to our culture of diversity.

SGX Employees by Seniority (% as total of headcount)



SGX Employees, by Contract Type



SGX Employees by Gender



SGX Employees by Age



Employee Recruitment and Retention

SGX aims to attract highly skilled people and recruit the best person for each role. We do not discriminate against any applicant on age, gender, ethnicity in the recruitment process, or in employee remuneration.

Taking Care of Our Employees

Compensation

SGX ensures that employees are entitled to and receive fair compensation for their work. All new employees receive a starting pay that commensurate with their experience and background. This is age, gender and ethnicity neutral. For instance, fresh graduates at the entry level receive the same starting salary. Thereafter, rewards for individuals are determined by performance against targets and Key Performance Indicators. This is similar across the board for different staff levels.

Benefits

All full time employees receive a package of benefits which includes: life, personal accident, hospital and business travel insurance; healthcare; maternity/paternity leave; childcare (regardless of citizenship), volunteer, compassionate and examination leave, and family passes to places of interest. In addition, SGX provides: service awards; nursing facilities; meal and transport allowances; health screenings and professional memberships (to Assistant Vice-President level employees and above). SGX is part of the iCare Mental Health Alliance leadership team (comprising of 10 private companies) since its inception in 2008, which seeks to promote workplace mental health. SGX adopts the 10 recommended practices including in-house professional counselling services, parent support networks, training staff on individual coping skills (topics include stress/anger management, positive emotions and mental wellbeing) and medical coverage for psychiatric treatment.

SGX currently holds the silver award for the Singapore Health Award¹ from the Health Promotion Board for valuing employees' health and well-being.

In Singapore, employers are required by law to make regular contributions (which are a factor of salaries) to the government-run Central Provident Fund, a social security savings plan for Singapore citizen's old age. This is in lieu of a pension fund contribution. SGX makes contributions for Singaporeans and Permanent Residents only, which constitutes 93% of the SGX workforce.

Non-executive employees of SGX are represented by the Singapore Manual & Mercantile Workers' Union (SMMWU); out of which 77% of our non-executives are members of. SGX engages in collective bargaining agreements with SMMWU and covers areas such as disciplinary procedures; employment policies including probation, termination and overtime; remuneration and allowances; leave entitlement; and other benefits. As a benefit to union members, SMMWU also nominates staff for work plan seminars or certifications. SGX provides unrecorded time-off and full pay during these programmes.

SGX employees are committed to the organisation and this commitment sometimes means that they work beyond their contracted hours. Whilst this is called for on occasion, as an organisation SGX does not encourage employees to work overtime regularly. SGX provides a number of benefits which encourage employees to focus on their work-life balance, which includes but is not limited to part-time work arrangements and sabbatical leave. SGX employees can, on a case-by-case basis, request for unpaid sabbatical leave. In the reporting period, 14 employees took a sabbatical for reasons such as: taking time off to manage family commitments (57.1%); to pursue further education (28.6%); and to take a break from work (14.3%).



SGX actively promotes staff welfare through the significantly subsidised SGX Recreation Club. This employee-run club provides personal enrichment and opportunities for staff, and their families, to build camaraderie through Sports, Recreation and Health activities. Events in the reporting year ranged from trekking to photography, cooking to inter-department competitions. Also included were talks on diabetes, hypertension and heart disease.

¹ Refer to http://www.hpb.gov.sg/hpb/default.asp?pg_id=3774 for more details on the Singapore Health Award.

Training and Career Progression

Along with a comprehensive compensation and benefits package, SGX invests in its employees' training and careers as a means of recognising their contribution to the company and to develop both business and lifelong skills.

The skills required to work at an exchange are unique, which means that SGX's workforce is highly specialised. SGX believes that an integral part of business resilience is to develop broader skills for employees. All full-time employees can sign up for training in relevant business skills including Presentations, Communications, Leadership, and Business Writing. Employees regularly attend local and international conferences, seminars, and courses to keep themselves abreast of the latest regulatory or business updates. In addition SGX provides an Education Assistance Programme which funds up to 70% of the costs for further education such as a degree or Master's programme, subject to a cap. SGX does not legally bond the employee to the organisation on provision of this funding. SGX also runs the Financial Scholarship Programme in partnership with the MAS. This year, we sponsored an employee to pursue her Masters of Science in Financial Engineering at the National University of Singapore.

In the reporting period, SGX employees completed over 10,000 hours of training, equivalent to over 18 hours per year per person.

Average hours of training per person per year, by Gender and Seniority



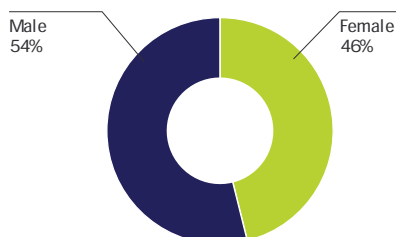
SGX operates a structured performance management process where all employees engage in a mid-year dialogue and an annual performance review to provide recognition on positive contributions, obtain feedback to enhance performance and to help the individual achieve career goals and aspirations.

Employee Turnover

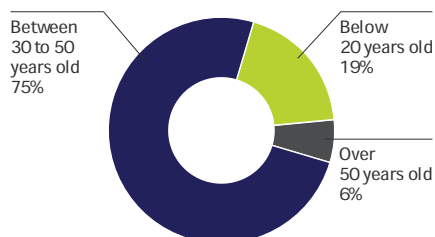
SGX monitors closely the reasons for employees leaving the company, so that demographic trends or recurring reasons can be identified. In the reporting period, the rate of turnover of 13.4% (as of end June 2012) was in line with the turnover rate in Singapore's financial sector.

This year, the Singapore Re-Employment Act was introduced, stipulating that employers must re-employ, on an annual contract basis, employees who reach retirement age. The Act allows for a 10% decrease in salary when the employment terms convert from full-time to annual contract. However, since 2010, SGX has been engaging its upcoming retirees in discussions on re-employment opportunities. To date, two of our employees have reached their retirement age and have been re-employed on annual contracts, with no change in their compensation and benefits.

Voluntary Departure by Gender



Voluntary Departure by Age



Social: Local Communities

On a macroeconomic level, exchanges facilitate business transactions, liquidity and economic growth in their respective markets. In turn, societies benefit from surrounding economic prosperity in these marketplaces. SGX will do its part in contributing towards Singapore's economic and societal development and also in providing a gateway to Asian markets.

On a local level, SGX is proud to be an active, responsible member of the community in Singapore. SGX employees are encouraged to volunteer and are given a one-day volunteer leave.



The Bull Charge

The Bull Charge is an annual charity run organised by SGX which brings together professionals from the finance industry, to raise funds for communities in need. This is an event that SGX initiated and has championed since 2005. The resource committed from SGX to prepare and execute the event in the year under review was considerable with the involvement of a total of 153 SGX employees. The organising committee of 14 members alone dedicated more than 3,360 hours over a period of 6 months, in addition to 139 volunteers who contributed their efforts and time. More than 5,000 industry individuals from 70 corporations participated in the event, which raised \$1.162 million. The funds benefit a variety of charities, chosen for their coverage of a wide spectrum of the community and shared focus on sustainability including strong governance and willingness to develop long term partnerships.

The Bull Charge beneficiaries for 2012 included Autism Association of Singapore, for youths and adults with moderate to severe autism; Lions Befriender Service Association (Singapore), which has outreach programmes to benefit lonely senior citizens in Singapore; and, Tan Tock Seng Hospital Community Charity Fund.



Going forward, the Bull Charge committee has further refined its strategy to introduce a three-year commitment to selected charities. SGX targets to strengthen the overall efforts towards Bull Charge, including having higher fund-raising goals, more industry participation, heightened levels of awareness of the impact of the cause, and greater employee engagement and voluntarism.

Financial Literacy Focus

Over time, SGX has established strong, fruitful relationships with selected charities in Singapore. However, this year's stakeholder engagement with SGX employees highlighted a strong appetite for SGX to focus community efforts on financial literacy, which is of course a core competence within the SGX workforce. SGX's intention is to honour existing community partnerships whilst increasing the focus on financial literacy. Any savings made by improved environmental efficiencies will be donated to the Bull Charge charity and financial literacy causes. In the long-term SGX intends to establish a reputation for excellence in supporting financial literacy, through partnerships with organisations in this area and through structured, skills-based volunteering.

SGX currently supports the following financial literacy platforms:

My Gateway

A new portal was launched in January 2012 to satisfy increasing investor interest for more investment knowledge and education. My Gateway (www.sgx.com/mygateway) provides free online access to market updates, product information, research reports, educational videos and more. To date, My Gateway has more than 100,000 subscribers and SGX is working closely with relevant agencies to bring programmes to market for the benefit of retail investors.

CFA Investment Forum Series

SGX has partnered with the Chartered Financial Analysts of Singapore (CFAS) to deliver a two-year series of investment forums to promote investment and build greater trust in the financial planning industry. These forums will target two groups: trading representatives and financial advisers, and young investors.

SGX Academy

SGX has appointed a secretariat to run the SGX Academy, which is a centre of excellence for professional trader education and training, as well as an investor education hub. It aims to enhance the capabilities of professional traders and empower general investors with fundamental investing knowledge. The Academy organises a wide range of Investor Education Seminars and Courses covering topics such as economic and market outlook, introduction to securities and derivatives products, and fundamental and technical analysis.

Other Financial Literacy Partnerships:

MoneySense, MAS Exchange listed education materials provided through MoneySense portal	Singapore Management University (SMU) Collaborative programme between SGX-SMU-CIMB to recruit and train trading representatives
Nanyang Technological University (NTU) The NTU-SGX Centre for Financial Education where 8 courses with 90 participants were conducted during the year	National Library Board 12 Specified Investment Product Seminars in the heartlands attended by 1,136 participants in FY2012

Environment

SGX is a service-based organisation, which does not manufacture or transport products. The organisation's environmental footprint comes from the energy used in the SGX offices and consumables such as paper. Although smaller than many organisations, SGX too aims to reduce its environmental footprint.

The following process illustrates SGX's approach to environmental management, which entails improving levels of awareness amongst SGX employees and investing in the appropriate infrastructure or products to help achieve the goals:



Leadership Insight



Chng Lay Chew
CFO and Lead on Environmental Sustainability

“

As an exchange, our environment footprint may be small but we are determined to do our best in the conservation of natural resources and the environment. We aim to reduce energy usage, engage more staff in related training and increase recycling efforts in all aspects of our operations.

”

Environmental Targets

Environment	
Appoint person in charge of environmental strategy at SGX	Completed (June 2012)
Draft environmental policy and publish on intranet	December 2012
Assess employee training needs (to achieve environmental goals)	December 2012
Complete employee training	2013
Communicate green data centre efficiency savings	2012 report
Reduce 'energy' by 3%, year on year for the next 2 years.	On-going, until 2014
<ul style="list-style-type: none"> All cost savings from energy reduction will go towards Bull Charge fundraising 	
Recycling facilities	December 2012
<ul style="list-style-type: none"> Install recycling bins throughout offices Review paper recycling options Review current process for recycled paper collection All savings from recycling to go towards Bull Charge fundraising 	
All paper procured by SGX is to be from recycled sources	December 2012
Install energy saving settings on all laptops and computers	December 2012
Annual report to be printed on recycled paper	2012 report
Print the Annual Report summary on recycled paper	2013 onwards
Post full annual report online	August 2012

Energy

SGX's operations consume electricity, to power the use of computers, data centres, air-conditioning, lights and so on. We also consume small amounts of water in the lavatories and pantry facilities, utilise paper for office work, and other minimal amounts of consumables.

Energy Consumption in Reporting Period

	Figure reported in 2011	Figure reported in 2012
Electricity	1,754,997 kWh	1,517,007 kWh
Office paper [*]	24.4 ton	31.5 ton
Paper recycling [#]	111 ton	22 ton
Water [^]	Not reported	2,400 m ³

* Paper consumption increased due to higher operational needs in 2012.

[#] The volume of paper recycled in 2011 was considerably higher than 'business as usual' because SGX vacated a building and the process entailed the shredding and disposal of obsolete paper files.

[^] SGX offices are in a leased building shared with other tenants. The building landlord is not able to provide a breakdown of water consumption, so the number provided is an estimation based on floor space occupancy.

Paper

SGX aims to procure recycled paper for 2013 in replacement of current practice of using FSC certified paper. SGX is required to make at least 1,500 copies of the Annual Report available in paper copy. Starting this year, the SGX Annual Report is printed on recycled paper. The Annual Report is also distributed in soft copy to investors and shareholders, and made available on the SGX website.

IT and Green Data Centre

Every SGX employee laptop (or PC) will default to energy saving settings by December 2012, which will significantly reduce the energy consumption in idle state.

Last year, SGX reported a commitment to adopt a "Green Data Centre" policy. This policy was successfully implemented and achieved a 19% reduction in energy consumption through improved cooling efficiency and decommissioning of obsolete infrastructure.

Recycling

Currently, SGX uses a service provider to collect, destroy and recycle confidential paper waste. This arrangement is on an as-needed basis and SGX has made a commitment to explore options for wider paper recycling (not just confidential waste) throughout the organisation, by December 2012. This process will entail the installation of recycling facilities and awareness-raising amongst employees to encourage widespread use of the recycling facilities.