

Task Force for Climate-related Financial Disclosures (TCFD) Content Index

Sustainability Report
July 2021 – June 2022

Singapore Exchange

Task Force for Climate-related Financial Disclosures (TCFD)

Content Index

SGX Group understands the importance of developing a strong strategy and risk management framework that sets the foundation for SGX Group’s climate resilience and has been a supporter of the TCFD since 2017. The recommendations of the TCFD have four overarching elements – Governance, Strategy, Risk Management and Metrics & Targets. These elements are disclosed across various sections of this years Sustainability Report and hence the below should be read in conjunction with the July 2021 – June 2022 Sustainability Report.

Governance

Good corporate governance is central to executing SGX Group’s sustainability strategy. SGX Group’s commitment to effective corporate governance on climate and sustainability-related matters is underpinned by the strong leadership and effective oversight by the SGX Board and SGX Group’s senior management.

This section discloses SGX Group’s governance around climate-related risks and opportunities.

TCFD recommended disclosures	SGX Group’s approach	Reference
Describe the SGX Board’s oversight of climate-related risks and opportunities	<ul style="list-style-type: none"> ▪ SGX Board has oversight of SGX Group’s sustainability approach and the integration of sustainability-related matters, including climate-related issues, in the formulation of SGX Group’s strategy. ▪ SGX Board monitors and oversees progress on sustainability and climate-related risks and opportunities that meet shareholders’ expectations, and reviews significant issues raised. ▪ SGX Board approves the Sustainability Report, which provides comprehensive sustainability disclosures. 	<ul style="list-style-type: none"> ▪ Sustainability Governance at SGX Group (page 49)
Describe SGX Group’s management’s role in assessing and managing climate-related risks and opportunities	<ul style="list-style-type: none"> ▪ The Executive Management Committee (EMCO) reviews, evaluates and approves the key sustainability approach, risk management policies and practices, sets targets and measures performance against the targets. ▪ The Sustainability Steering Committee (SSC), formed in FY2021 and led by the Head of SSF, drives the implementation of SGX Group’s sustainability strategy and advises the EMCO on material sustainability-related matters, including climate-related issues. 	<ul style="list-style-type: none"> ▪ Sustainability Governance at SGX Group (page 49)

	<ul style="list-style-type: none"> SGX Group further developed an internal TCFD steering group comprised of the Chief Financial Officer (CFO), Chief Risk Officer (CRO) and Head of SSF, with implementation efforts being led by the three units. 	
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Strategy

Clear communication of SGX Group’s sustainability strategy allows our stakeholders to better understand how climate-related issues may affect our future performance.

This section discloses the actual and potential impacts of climate-related risks and opportunities on SGX Group’s businesses, strategy, and financial planning where such information is material.

TCFD recommended disclosures	SGX Group’s approach	Reference
Describe the climate-related risks and opportunities SGX Group has identified over the short, medium, and long term	<ul style="list-style-type: none"> SGX Group’s approach to climate action is focused on the 4 pillars of our sustainability strategy – SGX Group as a company, business, regulator and in the ecosystem. In FY2022, we have strengthened our understanding of how climate-related risks and opportunities could potentially affect our respective business lines and operational activities. Going forward, we will continue to monitor sustainability developments and review our risks and opportunities. 	<ul style="list-style-type: none"> Overview of SGX Group’s TCFD Disclosures (page 55) Our Sustainability Vision (page 48) Understanding Our Climate Risks (page 55) Sustainability Products and Services (page 64) Public Consultation & Rule Amendments on Climate and Diversity (page 68)
Describe the impact of climate-related risks and opportunities on SGX Group’s businesses, strategy, and financial planning		
Describe the resilience of SGX Group’s strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	<ul style="list-style-type: none"> In FY2023, we will explore the use of climate scenario analysis to enhance our assessment and quantification of the impacts of our risks and opportunities to support SGX Group’s strategic decision-making. 	<ul style="list-style-type: none"> Overview of SGX Group’s TCFD Disclosures (page 55)

Risk Management

Risk management is the set of processes that supports the achievement of the organisation’s objectives by addressing its risks and managing the combined potential impact of those risks. These processes are carried out by the SGX Board and SGX Group’s management.

This section discloses how SGX Group identifies, assesses, and manages climate-related risks.

TCFD recommended disclosures	SGX Group’s approach	Reference
Describe SGX Group’s processes for identifying and assessing climate-related risks	<ul style="list-style-type: none"> The SSC was formed to drive the implementation of SGX Group’s sustainability strategy, including 	<ul style="list-style-type: none"> Overview of SGX Group’s TCFD Disclosures (page 55)

<p>Describe SGX Group’s processes for managing climate-related risks</p>	<p>our climate agenda and climate risk management.</p> <ul style="list-style-type: none"> ▪ SGX Group further developed an internal TCFD steering group comprised of the Chief Financial Officer (CFO), Chief Risk Officer (CRO) and Head of SSF, with implementation efforts being led by the three units. ▪ Some climate-related risks have been categorised as emerging risks and SGX Group recognises that climate-related risks are inherently linked to other strategic, financial and operational risks. ▪ In FY2022, key business and support units were individually engaged by the internal TCFD working group in a series of workshops to identify and assess climate-related risks across three-time horizons (short-term: 1 to 3 years, medium-term: 3 to 10 years, long-term: 10 years and beyond), and discussed the potential actions in response to those risks. 	<ul style="list-style-type: none"> ▪ Risk Management (pages 38 - 43) ▪ Corporate Governance - Risk Management (pages 102 to 104)
<p>Describe how processes for identifying, assessing, and managing climate-related risks are integrated into SGX Group’s overall risk management</p>	<ul style="list-style-type: none"> ▪ SGX Group already began the journey to adopt the recommendations of the TCFD in FY2021, and we have a roadmap for adopting the recommendations. ▪ We recognise that climate-related risks affect our businesses as do other strategic, financial and operational risks. Such risks are embedded in our Enterprise Risk Management (ERM) framework with the business and support units owning and managing the risks. ▪ We will continue to monitor and review developments to relevant standards and fine-tune our risk taxonomy and framework. 	<ul style="list-style-type: none"> ▪ A Message from the Board (pages 44 - 45) ▪ Risk Management (pages 38 - 43)

Metrics & Targets

This section discloses the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

TCFD recommended disclosures	SGX Group's approach	Reference
Disclose the metrics used by SGX Group to assess climate-related risks and opportunities in line with its strategy and risk management process	<ul style="list-style-type: none"> ▪ SGX Group has prepared the Sustainability Report in accordance with leading sustainability standards. ▪ SGX Group has reported on our GHG emissions in our Sustainability Report. 	<ul style="list-style-type: none"> ▪ Content Indexes and Performance Metrics (sgxgroup.com/sustainability/our-sustainability-reports) ▪ Carbon and Resource Management (page 58)
Disclose Scope 1, Scope 2, and if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	<ul style="list-style-type: none"> ▪ SGX Group has measured and disclosed our Scope 1, Scope 2 and Scope 3 GHG emissions in this Sustainability Report, including the related risks. 	<ul style="list-style-type: none"> ▪ Carbon and Resource Management (page 58)
Describe the targets used by SGX Group to manage climate-related risks and opportunities and performance against targets	<ul style="list-style-type: none"> ▪ SGX Group has committed to science-based reduction targets which have been validated by the Science Based Targets initiative (SBTi) to ensure our emission reduction targets align with the need to keep global warming below 1.5°C compared with pre-industrial levels. ▪ All data included in the sustainability report has been submitted for an internal review and was approved by the SGX Board in June 2022. We have also engaged Ernst & Young LLP for external assurance – whose scope can be found in the Sustainability Report. ▪ SGX Group is working together with other members from the Net Zero Financial Service Providers Alliance (NZFSPA) to establish a set of aligned targets and metrics to drive collective net zero ambition. ▪ SGX Group's external ESG ratings have been disclosed on the SGX corporate website. 	<ul style="list-style-type: none"> ▪ Review and Assurance (pages 73 - 77) ▪ Founding Member of NZFSPA (page 55) ▪ Carbon and Resource Management (page 58) ▪ External Assurance Scope (pages 78 - 79) ▪ External ESG ratings (www.sgx.com/sustainable-finance/stock-ratings)

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