

## **What is ESG?**

Environmental, Social, and Governance (ESG) serves as a framework extensively employed to assess the sustainability and ethical footprint of a company's operations and policies. It includes criteria that investors, stakeholders, and organisations examine when evaluating and disclosing a company's non-financial performance. ESG elements offer a comprehensive perspective for assessing companies, focusing on their environmental impact, social contributions, and governance standards within the community.

## **Understanding ESG Reporting in Singapore**

ESG reporting involves transparently sharing standardised details about a company's sustainability initiatives, objectives, and advancements to underscore its dedication to ethical business conduct. This enables stakeholders to understand the extent of a company's sustainability efforts.

Operating within the ESG framework, sustainability reporting enables companies to highlight their endeavours in tackling environmental issues, fostering social accountability, and instating effective governance measures. It serves as a channel for companies to communicate their sustainability strategies, objectives, and achievements to investors, clientele, workforce, and the broader community.

## **Carbon Credits in Singapore**

A carbon credit means —

- (a) a certificate representing an amount of greenhouse gas emissions reduction or removal, generated from any project or programme, and includes a certificate representing the avoidance of an amount of such emissions;
- (b) a right to emit any greenhouse gas; or
- (c) a means to satisfy any tax or regulatory obligation arising from the emission of any greenhouse gas,

and includes a carbon credit issued by the National Environment Agency (NEA) for businesses to meet their carbon tax obligations in Singapore.

Carbon credits are issued/ verified by government registries or independent standards/registries such as Verra, Gold Standard, Climate Action Reserve and American Carbon Registry. Each verified carbon credit would be issued with a unique serial number; hence it is not an unallocated commodity for the purpose of GST.