



Monetary Authority
of Singapore

JURISDICTION: SINGAPORE

AUTHORITY: MONETARY AUTHORITY OF SINGAPORE (MAS)

Background

The *Monetary Authority of Singapore* (MAS) is Singapore's central bank and integrated financial regulator. MAS also works with the financial industry to develop Singapore as a dynamic international financial centre.

MAS promotes sustained, non-inflationary economic growth through appropriate monetary policy formulation and close macroeconomic surveillance of emerging trends and potential vulnerabilities.

As an integrated financial supervisor, MAS fosters a sound financial services sector through its prudential oversight of all financial institutions in Singapore – banks, insurers, capital market intermediaries, financial advisors, and stock exchanges. It is also responsible for well-functioning financial markets, sound conduct, and investor education.

MAS also works with the financial industry to promote Singapore as a dynamic international financial centre. It facilitates the development of infrastructure, adoption of technology, and upgrading of skills in the financial industry.

Sustainability objectives

The Monetary Authority of Singapore (MAS) has been working closely with financial institutions to ensure that Singapore's financial sector actively considers climate-related and environmental risks. In June 2020, MAS issued a set of three consultation papers on the proposed *Guidelines on Environmental Risk Management* for Banks, Insurers and Asset Managers. The guidelines aim to enhance financial institutions' resilience to environmental risk and strengthen the financial sector's role in supporting the transition to an environmentally sustainable economy, in Singapore and in the region. The guidelines, which were co-created with financial institutions and industry associations, set out MAS' supervisory expectations for banks, insurers and asset managers in their governance, risk management and disclosure of environmental risk.

Following the issuance of the guidelines, MAS will incorporate and assess environmental risk in its supervision of financial institutions. This will include assessing how financial institutions integrate environmental risk management with their business operations.

More broadly, MAS launched its Green Finance Action Plan in 2019, to become a leading global centre for Green Finance. The Green Finance Action Plan comprises four key thrusts:

1. strengthen the financial sector's resilience to environmental risks;
2. develop green financial solutions and markets for a sustainable economy;
3. harness technology to enable trusted and efficient sustainable finance flows; and
4. build knowledge and capabilities in sustainable finance.



Recent developments

Climate-related Stress Test

- In its 2018 Industry-Wide Stress Test, MAS requested insurers to consider the **impact of a scenario featuring extreme flooding** on their balance sheets arising from damage to insured properties and higher claims. MAS will continue incorporating climate-related scenarios in future stress test exercises for the financial industry.

Developing Green Finance Solutions and Markets

- MAS launched a Green Bond Grant Scheme in June 2017, to support the issuance of green bonds. In February 2019, the scheme was expanded to include social and sustainability bonds and renamed SBGS. The scheme enabled issuers to **offset the additional costs of issuing green, social and sustainability bonds** as compared to conventional bonds issuance and promoted the adoption of internationally accepted standards on sustainability. Singapore is now ASEAN's largest green finance market, accounting for close to 50% of cumulative ASEAN green bond and loan issuances.
- MAS would be collaborating with local and international universities to establish **Centres of Excellence in Singapore** that would contribute to Asia-focused green finance research. These centres would support the development of innovative green finance solutions, examine perspectives on financial policy and regulation, and grow the pipeline of green finance talent to support the financial sector.
- MAS would also be developing a **grant scheme for green and sustainability-linked loans** to provide a wider range of green financing options for companies. The scheme would defray the costs of external review and bank frameworks for such loans. This would increase the ease of loan origination and reduce expenses for small and medium sized enterprises (SMEs), and encourage SMEs, corporates, as well as banks to integrate green and sustainability issues in their financing discussions and decisions.
- To support an increase in activity, MAS would also **anchor green finance external review, certification, assurance and ratings firms in Singapore**, as they would play a key role in ensuring the transparency and integrity of green finance solutions. This would strengthen local technical capacity for green finance-related assurance and verification.

Factoring Climate-related Risks for MAS' Investments

- MAS is evaluating **the resilience of its Official Foreign Reserves** under a range of short-term climate-related disruptions and longer-term climate scenarios. It will also **integrate climate change considerations into MAS' investment process**. This includes working with MAS external managers to ensure that Environmental, Social and Governance (ESG) considerations are incorporated into their investment processes.

Environmental Sustainability of MAS' Operations

- MAS is developing a roadmap to better **integrate environmental risks across all its business functions**. This will include measuring, reducing and disclosing our own carbon footprint.
- From FY2015 to FY2019, MAS **implemented energy and water efficiency measures under the Public Sector Taking the Lead in Environmental Sustainability (PSTLES 2.0) initiative**. As of June 2020, we achieved material reductions in energy and water consumption from 2013 levels and met its 2020 targets.

- The MAS Building was awarded the Green Mark certification (Platinum level) in 2015 by the Building and Construction Authority (BCA) and was recertified in 2018. MAS was also a public-sector recipient of the 2018 Best Energy Efficiency Award administered by the National Environment Agency (NEA).

Membership of any other initiatives/networks working on sustainability

- International Association of Insurance Supervisors (“IAIS”)
- Network of Central Banks and Supervisors for Greening the Financial System (“NGFS”)
- Sustainable Insurance Forum (“SIF”)
- International Cooperation for Green Finance (“IPSF”)
- Basel Committee on Banking Supervision (“BCBS”)

Recent engagement with SIF

MAS contributed a case-study to the *SIF/IAIS Issues Paper on the Implementation of the Recommendations of the Task Force on Climate-related Financial Disclosures*, which was published in February 2020. MAS attended SIF’s virtual meetings held in May 2020, and provided input to SIF’s future plan of work 2021-2023. MAS also provided an update on their sustainability related activities in SIF’s half yearly report’s public version, released in 2020, and shared exclusive updates with the SIF membership in the members-only version of the update.

MAS is also part of the drafting team for the SIF/IAIS application paper on the Supervision of Climate Related Risks in the Insurance Sector, which seeks to support supervisors in their efforts to integrate climate risk into the supervision of the insurance sector.

