

Sustainability

MAS Launches Finance for Net Zero Action Plan to Mobilise Financing to Catalyse Net Zero Transition and Decarbonisation Activities

On 20 April 2023, Mr Lawrence Wong, Deputy Prime Minister and Minister for Finance, and Monetary Authority of Singapore ("**MAS**") Deputy Chairman, announced the launch of MAS' Finance for Net Zero ("**FiNZ**") Action Plan.

The FiNZ Action Plan expands the scope of MAS' Green Finance Action Plan, launched in 2019, to include transition finance, and sets out MAS' strategies to mobilise financing to catalyse Asia's net zero transition and decarbonisation activities in Singapore and the region. Transition finance refers to investment, lending, insurance and related services to progressively decarbonise areas such as buildings, power generation and transportation.

The FiNZ Action Plan seeks to achieve four strategic outcomes:

- (a) **Data, Definitions and Disclosures.** To guide financial market participants' decision making, and safeguard against the risk of greenwashing, MAS will continue promoting consistent, comparable, and reliable climate data and disclosures. This will include the following:
- Working with the industry, MAS will co-create a code of conduct that will require environmental, social and governance (ESG) ratings and data product providers to disclose how they factor transition risks into their products. To gather wider feedback on this issue, a public consultation will be conducted in the second half of 2023.
 - To catalyse cross-border green and transition finance flows, MAS will work with counterparts and stakeholders to enhance the interoperability of taxonomies across jurisdictions.
 - MAS has been collaborating with the Singapore Exchange and other government agencies to create a roadmap for key financial institutions ("**FIs**") and listed companies to make International Sustainability Standards Board-aligned disclosures on a risk-proportionate basis. MAS will also partner with relevant bodies to build up companies' sustainability reporting capabilities.

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- (b) **Climate Resilient Financial Sector.** MAS will continue engaging with FIs to cultivate reliable environmental risk management practices and enhance climate scenario analysis and stress testing to identify climate-related financial risks.
- (c) **Credible Transition Plans.** MAS will engage with international partners, such as the International Energy Agency, to support FIs' adoption of science-based transition plans and the development of credible regional sectoral decarbonisation pathways. FIs can reference these pathways when setting their emissions reduction targets, and when engaging with their clients on initiatives to decarbonise their businesses.
- (d) **Green and Transition Solutions and Markets.** MAS will promote innovative and credible green and transition financing solutions and markets to support decarbonisation efforts and climate risk mitigation. This will include:
- Expansion of the scope of MAS' sustainable bond and loan grant schemes to include transition bonds and loans. Safeguards will be implemented to mitigate the risk of "transition-washing" and ensure alignment with internationally-recognised taxonomy and transition finance principles. Moreover, to promote transparency in the sustainable debt market, MAS will incentivise the early adoption of entity-level sustainability disclosure by issuers or borrowers. Thus, to qualify for the grants, the transition bonds and loans must be aligned with internationally-recognised taxonomy and transition finance principles and disclosure of an entity-level transition plan is required.
 - Extension of the Insurance-Linked Securities Grant Scheme till the end of 2025 to support the continued growth of catastrophe bonds and additional climate risk financing instruments that are also forms of insurance-linked securities, such as sidecars and collateralised reinsurance arrangements.
 - Continued scaling of blended finance, in partnership with the private sector and philanthropic foundations, to mobilise financing for the decarbonisation of carbon-intensive sectors, such as managed phase-out of coal-fired power plants. Additionally, to channel financing towards carbon abatement and removal projects in Asia, MAS will support the development of carbon services and carbon credit markets in Singapore.

To enable the above strategic outcomes, MAS will continue to grow and scale Green FinTech solutions and continue investing in the Singapore workforce to develop its skills and capabilities.

Click on the following links for more information (available on the MAS website at www.mas.gov.sg):

- [MAS Media Release titled "MAS Launches Finance for Net Zero Action Plan"](#)
- [FiNZ Action Plan Infographic](#)

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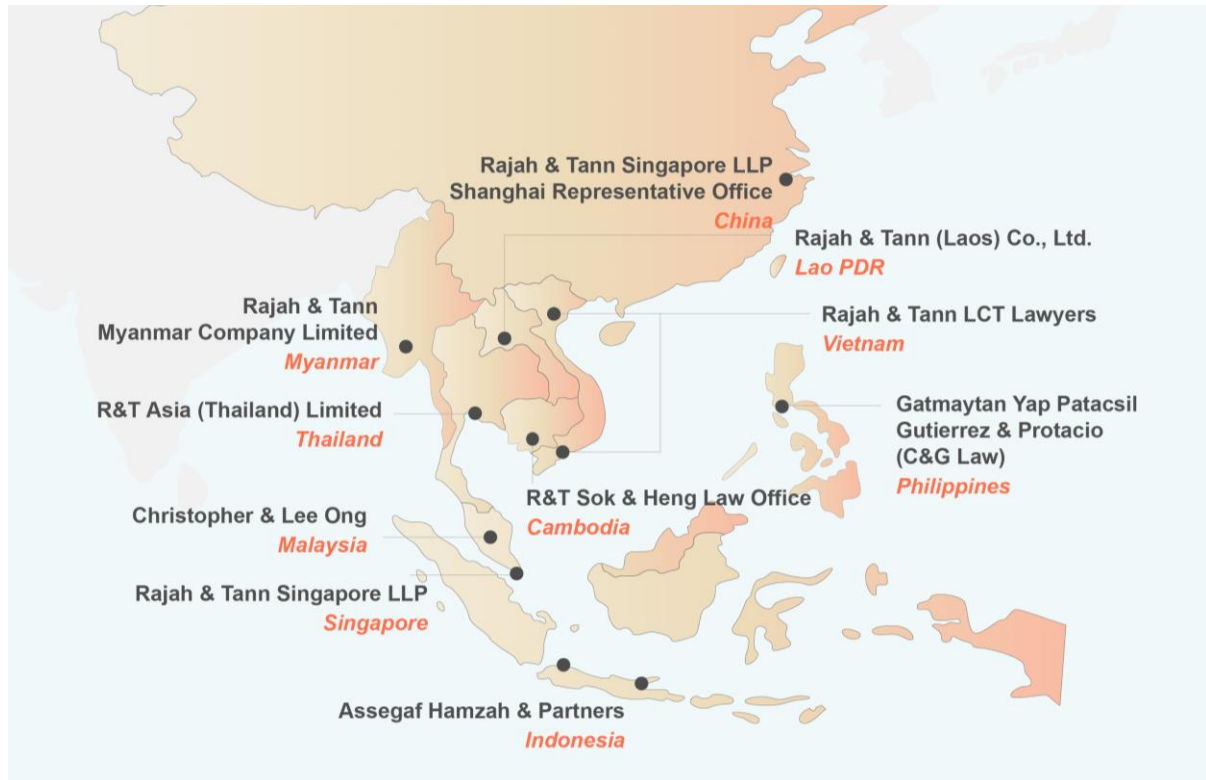
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