Greenwashing and liability

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Retail ESG funds

Greenwashing, the presentation of products or activities as more sustainable than they are, is the legal risk that accompanies the growth of the field. MAS first addressed it in the market for retail funds. A circular of 28 July 2022 set out how the existing requirements of the Code on Collective Investment Schemes and the regulations on offers of collective investment schemes apply to funds that use ESG factors as their key investment focus. Since 1 January 2023, retail ESG funds have had to provide clear disclosures on their sustainability focus, strategy, risks and limitations, and to report annually on how they have met their objectives.[1] A fund may describe itself as an ESG fund in its name only when a substantial part of its assets, set at two-thirds of its net asset value, is invested according to its ESG strategy.[2]

MAS followed the circular with an information paper on good disclosure practices for retail ESG funds in December 2024, updated in June 2026 to address greenwashing risk.[3] The approach is typical of MAS: existing law is applied to a new phenomenon through guidance, while thematic reviews show the industry what the supervisor regards as good and poor practice.

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Misstatement and liability under the general law

Singapore has no statute specifically devoted to greenwashing. The liability rests on general provisions. The Securities and Futures Act 2001 prohibits false or misleading statements likely to induce the subscription, sale or purchase of securities or units in collective investment schemes. It also gives investors civil remedies for misstatements in prospectuses and offer documents. For advisory conduct, the Financial Advisers Act 2001 and the MAS notices on recommendations require a reasonable basis for any recommendation, which includes the claims made about the sustainability characteristics of a product. Consumers who are not investors can rely on the Consumer Protection (Fair Trading) Act 2003, which treats misleading representations as an unfair practice.[4] The law of misrepresentation and negligent misstatement, which Singapore received from England and which is examined in Chapter J.III, completes the picture.

As at September 2026, no Singapore court had decided a reported greenwashing case against a financial institution. The absence of case law does not mean the absence of risk. Enforcement abroad shows the direction. On 25 September 2023 the United States Securities and Exchange Commission imposed a penalty of US$19 million on DWS Investment Management Americas, a subsidiary of Deutsche Bank. The firm had marketed itself as a leader in ESG integration while failing, from August 2018 until late 2021, to implement its own ESG integration policy adequately.[5] The case illustrates the typical pattern, in which the misconduct lay in a gap between marketing claims and internal processes.

Institutions in Singapore are exposed to such rules through their group structures and clients. A Singapore asset manager that distributes funds in Europe must comply with European disclosure rules. A bank that markets sustainability-linked products to clients from Australia, the United States or the United Kingdom faces the enforcement practice of those jurisdictions. The Singapore standard is therefore only the minimum. In practice, institutions in the centre measure their sustainability claims against the strictest jurisdiction in which they operate.

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ESG ratings and data providers

Many sustainability claims rest on ratings and data supplied by third parties. The FiNZ plan announced a code of conduct for providers of ESG ratings and data products.[6] MAS published the final code on 6 December 2023. It sets baseline standards for the transparency of methodologies and data sources, for governance and for the management of conflicts of interest. It also encourages providers to disclose how they take account of forward-looking factors. Compliance is self-attested through a checklist, which MAS encouraged providers to publish within twelve months.[7] The choice of a code over binding regulation reflects the international character of the providers, most of which are based in the United States or Europe. It also keeps open the option of stricter rules if the voluntary approach fails, a sequence that MAS has used in other fields.

Transition-washing and the liability of the future

The specific risk of Singapore's strategy is transition-washing. A taxonomy with an amber category, a grant scheme for transition bonds and supervisory guidance that favours engagement over exit all rely on the credibility of transition plans that will be tested only over many years. A company that issues a transition bond today and abandons its plan in 2030 exposes the issuer, the arranger and the investors to accusations of misrepresentation. The disclosure rules, the transition planning guidelines and the requirement of entity-level transition plans for grant-funded instruments are designed to create a documentary record against which such claims can later be judged.

Directors also face exposure. Under Singapore company law, directors owe a duty to act honestly and with reasonable diligence in the discharge of their duties.[8] As climate risks become financially material and disclosure becomes mandatory, directors who ignore those risks or approve misleading statements may breach that duty. The development is gradual, but it ties climate governance to an established and enforceable standard of conduct.

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Notes

1. MAS, "CFC 02/2022 – Disclosure and Reporting Guidelines for Retail ESG Funds", mas.gov.sg, published 28 July 2022 (accessed November 2026): the circular sets out MAS's expectations on how existing requirements under the Code on Collective Investment Schemes and the Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations apply to retail ESG funds. — MAS, "Regulatory and Supervisory Approach", cited above: "From 1 January 2023, Retail ESG funds would be required to provide clear disclosures"; guidelines intended to "mitigate greenwashing risks". ↩
2. MAS Circular CFC 02/2022, paragraphs on fund names: at least two-thirds of the net asset value invested in line with the ESG strategy. ↩
3. MAS, "Regulatory and Supervisory Approach", cited above: Information Paper on Good Disclosure Practices for Retail ESG Funds published in December 2024 and updated in June 2026 to address greenwashing risk. ↩
4. Securities and Futures Act 2001, section 199 (false or misleading statements) and sections 253–254 (civil and criminal liability for false or misleading statements in prospectuses). — Financial Advisers Act 2001, section 27 (reasonable basis for recommendations). — Consumer Protection (Fair Trading) Act 2003, section 4 and Second Schedule (unfair practices, including false or misleading representations about the characteristics of goods or services). ↩
5. US Securities and Exchange Commission, press release 2023-194, 25 September 2023, sec.gov (accessed November 2026): US$19 million penalty for ESG misstatements imposed on DWS Investment Management Americas Inc., a Deutsche Bank subsidiary, as part of a US$25 million total; the firm advertised that ESG was in its "DNA" but did not adequately implement provisions of its global ESG integration policy from August 2018 until late 2021. ↩
6. MAS, media release of 20 April 2023, cited above, on the code of conduct for ESG ratings and data providers. ↩

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7. MAS, "MAS Publishes Code of Conduct for Providers of ESG Rating and Data Products", media release, 6 December 2023, mas.gov.sg (accessed November 2026): baseline standards on transparency of methodologies and data sources, governance and conflicts of interest; disclosure of forward-looking factors encouraged; self-attestation by checklist, with providers encouraged to disclose adoption and publish the checklist within 12 months; ICMA to host a list of adopting providers. ↩
8. Companies Act 1967, section 157 (duty to act honestly and use reasonable diligence). ↩

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