Taxonomy and disclosure

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The Singapore-Asia Taxonomy

A taxonomy is a classification system that states which economic activities count as sustainable. It is the dictionary on which green labels, grant eligibility and disclosure depend. Singapore's taxonomy was prepared by the Green Finance Industry Taskforce, an industry body convened by MAS, through four rounds of public consultation, in January 2021, May 2022, February 2023 and, for coal phase-out criteria, June 2023. MAS launched the result, the Singapore-Asia Taxonomy for Sustainable Finance, on 3 December 2023 during the COP28 climate conference in Dubai.[1]

The taxonomy covers eight focus sectors: energy, real estate, transportation, agriculture and forestry or land use, industry, information and communication technology, waste and the circular economy, and carbon capture and sequestration. Activities are sorted by a traffic-light system. Green activities operate at near-zero emissions or are on a path to net zero by 2050. Amber activities are transition activities that will move to green within a defined period or that enable significant near-term reductions in emissions. Everything else is ineligible, a label that MAS stresses does not necessarily indicate significant harm.[2]

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The amber category is the taxonomy's main innovation. MAS describes the instrument as the world's first multi-sector transition taxonomy. The European Union's taxonomy is essentially binary: an activity is aligned or it is not. A binary system works for an economy that has already decarbonised much of its power sector. It fits poorly with a region in which coal still supplies nearly 60 per cent of power generation and in which the average coal plant is less than fifteen years old.[3] The amber category allows banks to label and count finance for credible intermediate steps, which a binary taxonomy would leave unclassified.

Two further features deserve mention. A measures-based approach allows specific decarbonisation investments to qualify even where the activity as a whole does not yet meet the green criteria. Entity-level and facility-level criteria for the early phase-out of coal-fired power plants, aligned with a 1.5°C scenario, require that the electricity from the retired plant be fully replaced with clean energy within the same grid and that the plant have a just transition plan.[4] Financing the closure of a coal plant thereby becomes, under defined conditions, a sustainable activity. The idea links the taxonomy with the transition credits discussed below.

Interoperability and the ASEAN Taxonomy

A taxonomy that only Singapore uses would be of limited value to a regional centre. MAS therefore began mapping the Singapore-Asia Taxonomy to the Common Ground Taxonomy of the International Platform on Sustainable Finance, which covers the EU taxonomy and the Green Bond Endorsed Project Catalogue of the People's Bank of China. Singapore also participates in the development of the ASEAN Taxonomy for Sustainable Finance, which uses a similar traffic-light approach. Version 4 of the ASEAN taxonomy was released for consultation in November 2025, covering six focus sectors and three enabling sectors.[5]

Practical guidance followed. The Singapore Sustainable Finance Association published practical guidance on the use of the taxonomy on 7 July 2025, and MAS began a review leading to a second version, with completion targeted for the end of 2026. The cooperation with China deserves attention because Chinese issuers and investors are increasingly present in Singapore, a subject of Chapter I.II. A China-

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Singapore Green Finance Taskforce was established in 2023. At its fourth meeting, held in Nanning on 17 September 2026, MAS and the People's Bank of China agreed to extend taxonomy interoperability from green to transition activities and discussed adaptation finance and cross-border carbon market connectivity.[6]

Climate reporting by listed and large companies

Taxonomies define what is green. Disclosure rules require companies to tell investors what they actually do. Singapore Exchange introduced annual sustainability reporting for listed issuers on a comply-or-explain basis from financial years ending in 2017 and later made climate-related reporting mandatory for issuers in selected industries. The next step was the adoption of the global baseline set by the International Sustainability Standards Board, whose first two standards on general sustainability disclosures and on climate were published in June 2023.[7]

The Accounting and Corporate Regulatory Authority and SGX RegCo announced in early 2024 that climate reporting based on these standards would become mandatory.[8] All SGX-listed issuers must report Scope 1 and Scope 2 greenhouse gas emissions for financial years beginning on or after 1 January 2025. Other climate disclosures are being phased in, starting with the constituents of the Straits Times Index from FY2025, which add Scope 3 emissions from FY2026. Other listed companies with a market capitalisation of S$1 billion or more follow from FY2028 and the remainder from FY2030. Large non-listed companies, defined as those with annual revenue of at least S$1 billion and total assets of at least S$500 million, must comply from FY2030.[9] These later dates reflect a recalibration announced in August 2025, when ACRA and SGX RegCo extended the timelines for climate reporting and assurance and gave smaller issuers and non-listed companies more time.

The recalibration is consistent with the approach taken elsewhere. The European Union reduced the scope of its corporate sustainability reporting directive through the Omnibus package proposed in February 2025, and Switzerland suspended the revision of its climate reporting ordinance pending the European decisions.[10] For Singapore, the concern was competitive. A small listed market that imposed the most demanding obligations in Asia would risk losing issuers to exchanges with

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lighter regimes, a question examined in Chapter K.III. The authorities kept full disclosure for the largest companies, which attract international investors, and allowed others more time.

Supervisory expectations: environmental risk and transition planning

For financial institutions, the decisive rules are supervisory. MAS issued Guidelines on Environmental Risk Management in December 2020, in separate versions for banks, insurers and asset managers.[11] The guidelines expect boards and senior management to oversee environmental risk, institutions to integrate it into their risk management and portfolio decisions and to disclose it in line with international frameworks. They are guidelines under MAS's general supervisory powers. A breach does not itself constitute an offence, although it influences MAS's assessment of an institution's risk management and of the fitness of its management.[12]

Stress testing has followed the same path. The industry-wide stress test of 2018 exposed insurers to an extreme flooding scenario in Singapore, and the 2022 exercise included long-term climate scenarios. In March 2026 MAS completed the framework by issuing guidelines on transition planning as an addendum to the environmental risk guidelines, again in versions for banks, insurers and asset managers.[13] The transition planning guidelines ask institutions to consider how their clients and investee companies are adapting to a low-carbon economy and to use engagement as the primary tool. Exit is reserved for cases in which engagement fails.[14] This approach reflects the regional strategy: a bank that simply withdrew from carbon-intensive Asian clients would reduce its own reported emissions without reducing those of the region.

Notes

1. MAS, *Sustainability Report 2022/2023*, cited above, on consultations in January 2021, May 2022 and February 2023 and a consultation on coal phase-out criteria in June 2023; MAS, "MAS Launches World's First Multi-Sector

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Transition Taxonomy", media release, 3 December 2023, mas.gov.sg (accessed November 2026), on "four rounds of public consultation". ↩

2. MAS, media release of 3 December 2023, cited above, listing the eight sectors and defining the green, amber and ineligible categories, with the remark that ineligibility does not always indicate significant harm. ↩
3. MAS, "Transition Credits", mas.gov.sg/development/sustainable-finance/transition-credits, last updated 19 November 2025 (accessed November 2026): coal makes up "nearly 60% of power generation in the region" and Asia's coal plants are on average under 15 years old. ↩
4. MAS, media release of 3 December 2023, cited above, on the measures-based approach designed to "encourage capital investments into decarbonisation measures" and on the coal phase-out criteria requiring that output be "fully replaced with clean energy within the same electricity grid" together with a just transition plan. ↩
5. MAS, media release of 3 December 2023, cited above, on the mapping to the IPSF Common Ground Taxonomy, then not yet complete. — MAS, *Sustainability Report 2025/2026*, "A Vibrant Sustainable Finance Ecosystem: Strategy", mas.gov.sg, last updated 27 July 2026 (accessed November 2026): ASEAN Taxonomy Version 4 released for consultation in November 2025, covering six focus sectors and three enabling sectors. ↩
6. MAS, *Sustainability Report 2025/2026*, "Strategy", cited above: SSFA practical guidance published on 7 July 2025; SAT 2.0 review begun in 2026, targeted for completion by the end of 2026. — MAS, *Sustainability Report 2025/2026*, "Strategy", cited above, on the establishment of the taskforce in 2023 and its third meeting in Singapore in July 2025; MAS, "MAS and PBC Strengthen Cooperation at the 4th Singapore-China Green Finance Taskforce Meeting", media release, 18 September 2026, mas.gov.sg (accessed November 2026): meeting held on 17 September 2026 in Nanning; plans to extend taxonomy interoperability from green to transition activities; discussions on adaptation and resilience and on cross-border carbon market connectivity. ↩

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7. SGX Listing Rules 711A and 711B and Practice Note 7.6: sustainability reporting from FY2017 on a comply-or-explain basis; mandatory climate reporting phased in from FY2022 for selected industries. — IFRS Foundation, IFRS S1 and IFRS S2, issued 26 June 2023. ↩
8. ACRA and SGX RegCo, joint announcement of February 2024 on mandatory climate reporting (original timetable reportedly including large non-listed companies from FY2027 and Scope 3 reporting by listed issuers from FY2026). ↩
9. MAS, "Regulatory and Supervisory Approach", mas.gov.sg/development/sustainable-finance (accessed November 2026): "All SGX-listed issuers are required to report Scope 1 and 2 greenhouse gas emissions" from financial years commencing 1 January 2025, with other climate disclosures phased in, starting with Straits Times Index constituents from FY2025. — Accounting and Corporate Regulatory Authority, "Sustainability Reporting", acra.gov.sg/regulations/sustainability-reporting, last updated 27 July 2026 (accessed November 2026): "Listed companies and Large non-listed companies (Large NLCos) need to comply from FY2025 and FY2030, respectively." — ACRA, "Sustainability reporting and assurance requirements", acra.gov.sg/regulations/sustainability-reporting/requirements-timeline (accessed November 2026): Scope 3 for STI constituents from FY2026; other ISSB-based disclosures for non-STI issuers with market capitalisation of S$1 billion or more (as at 30 June 2025) from FY2028 and for the others from FY2030; Scope 3 voluntary for non-STI issuers and large non-listed companies until further notice; thresholds for large non-listed companies of S$1 billion revenue and S$500 million total assets; limited assurance of Scope 1 and 2 emissions from FY2029 (listed) and FY2032 (large non-listed); extended timelines announced by ACRA and SGX RegCo in August 2025. ↩
10. Ressos, *Genève, place financière internationale*, chapter K.II ("La finance durable"), sections on the federal framework and on the European Union, citing the Omnibus I package of 26 February 2025 and the decision of the Federal Council of June 2025 to suspend the revision of the climate reporting ordinance. ↩

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11. MAS, “Regulatory and Supervisory Approach”, cited above: Guidelines on Environmental Risk Management issued in December 2020, with sector versions for banks, insurers and asset managers. ↩
12. MAS Guidelines on Environmental Risk Management for Banks, Insurers and Asset Managers (8 December 2020), sections on governance, risk management and disclosure; statutory basis stated on the cover of each set of guidelines. ↩
13. MAS, “Regulatory and Supervisory Approach”, cited above: 2018 Industry-Wide Stress Test with an extreme flooding scenario for insurers; 2022 Industry-Wide Stress Test with long-term climate scenarios. — MAS, “Regulatory and Supervisory Approach”, cited above: Guidelines on transition planning issued in March 2026 as an addendum to the ENRM Guidelines, with sector versions for banks, insurers and asset managers. ↩
14. MAS Guidelines on Environmental Risk Management (Transition Planning), March 2026: emphasis on client and investee engagement, with divestment or exit as a last resort. ↩

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