

**Media Releases**

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# MAS Sets Supervisory Expectations on Financial Institutions for Transition Planning Practices in addressing Environmental Risk

Singapore, 5 Mar 2026... The Monetary Authority of Singapore (MAS) today issued three Guidelines on Environmental Risk Management - Transition Planning (the “Guidelines”) to separately set out MAS’ supervisory expectations for [banks](#) , [insurers](#)  and [asset managers](#)  (collectively, “FIs”) to manage the transition and physical risks they and their portfolios face from climate change. The Guidelines are an addendum to the Guidelines on Environmental Risk Management<sup>[1]</sup> issued in 2020.

2. The Guidelines support FIs in building effective risk assessment and risk management capabilities for better resilience against climate-related risks. FIs should establish a transition planning process in a risk proportionate manner, taking into consideration various factors, such as the risk profile of their business models and the local circumstances of their business operations. In particular, MAS expects FIs to:

- a. Assess and manage the risks associated with both physical and transition risks arising from climate change by adapting their business models, governance and risk management practices in a forward-looking manner;
- b. Engage their customers and investee companies to better understand the climate-related risks they face and their management of such risks, so as to avoid the indiscriminate withdrawal of credit, insurance coverage, or investments, and support broader financial stability. In doing so, FIs should consider the risk materiality of their customers and investee companies when collecting data; and
- c. Keep pace with the development of knowledge and capabilities relating to the measurement and management of climate-related risks, as data and methodologies around the understanding of such risks continue to improve.

3. As with the Guidelines on Environmental Risk Management, specific Guidelines have been developed for banks, insurers and asset managers. The Guidelines factor in FIs' differing business models, as well as feedback from an earlier public consultation<sup>[2]</sup> and engagement with industry. The Guidelines will take effect from September 2027, after an 18-month transition period.

4. Ms Ho Hern Shin, Deputy Managing Director (Financial Supervision), MAS, said, "These Guidelines support FIs in building their risk management capabilities in response to both physical and transition risks. The financial sector plays an important role in supporting customers as they navigate the risks from climate change. By engaging their customers and investee companies in a risk proportionate manner, FIs can build better resilience to risks and support broader financial stability."

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[1] Guidelines on Environmental Risk Management for [banks](#), [insurers](#) and [asset managers](#) .

[2] MAS' responses to the public consultation feedback can be found here ([banks](#), [insurers](#), [asset managers](#) ).

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