New disclosure standards for S’pore retail ESG funds

MAS to set out regulatory expectations early next year; NUS to open green finance institute

The Monetary Authority of Singapore (MAS) will set out early next year its regulatory expectations on the disclosure standards that retail funds here with an ESG investment objective must meet, said its managing director Ravi Menon.

ESG is the acronym for environmental, social and (corporate) governance, the three broad categories of interest for socially responsible investors.

In a speech yesterday, Mr Menon said that with the enhanced disclosure in place, investors will be able to better understand the criteria that an ESG fund uses to select its investments.

Investors will also obtain from a single offering document more information on the fund’s investment process, as well as the risks and limitations associated with the fund’s ESG strategy.

They will also receive periodic updates on whether the investment objective of an ESG fund has been met.

Mr Menon also announced that the National University of Singapore will be establishing by the year end the Sustainable and Green Finance Institute, or SGFIN.

The institute will help groom a pipeline of talent and leadership in sustainable and green finance across the career spectrum.

“It will help equip companies with the multidisciplinary knowledge necessary to integrate sustainability considerations into their business strategies and investment decisions, and quantify their environmental and social performance,” said Mr Menon.

A key research focus of SGFIN is to develop a sustainability and impact measurement and assessment framework.

The framework will seek to determine the monetary value of companies’ environmental and social performance.

It aims to address the lack of consistent and standardised ESG data in Asia by utilising modern statistical and advanced machine learning tools to capture environmental and social data on Asian firms.

“The three centres of excellence in green finance in Singapore will complement one another,” said Mr Menon, referring to the Sustainable Finance Institute Asia, the Singapore Green Finance Centre and now, SGFIN.

“The growing depth and diversity of research in sustainable finance will provide ballast to Singapore’s growing status as a leading green finance hub.”