



From ambition to action

**A practical guide to MAS' transition
planning guidelines**



An aerial photograph showing a dark asphalt road that curves through a lush, green forest. The trees are dense and appear to be a mix of deciduous and coniferous species. The road has white lane markings and a concrete curb on one side. A small blue car is visible on the road, providing a sense of scale.

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01 Executive summary

On 5 March 2026, the Monetary Authority of Singapore (MAS) released the final set of transition planning guidelines¹ (TPG) for banks, insurers and asset managers. Issued as addenda to the MAS Guidelines on Environmental Risk Management² (ENRM Guidelines) from 2020, the TPG add further clarity and structure to existing expectations on climate-related risk management. These guidelines follow consultation papers³ released in October 2023 and are part of other recent regulatory initiatives, including the introduction of the Singapore-Asia Taxonomy in December 2023.

The TPG are supervisory expectations issued by the MAS for financial institutions in relation to the establishment of a transition planning process. The TPG aim to support the management of climate-related risks faced by financial institutions and their portfolios, and to build resilience against potential changes in business models arising from climate change.

How and where do the TPG go further than current regulatory expectations

The TPG build on the existing ENRM Guidelines and elaborate on MAS' supervisory expectations around transition planning in several key areas, including:

Customer engagement

Regulated financial institutions are already expected to engage borrowers or portfolio companies based on the climate risks they face. Under the TPG, regulated firms are now expected to put in place a more structured process for customer engagement as part of a formalised transition planning approach. The TPG also set out a range of ways in which engagement may take place and what such outreach could involve, including the use of global sectoral transition pathways when engaging clients.

Climate-related risk data

The TPG place greater emphasis on climate-related risk data than the original ENRM Guidelines. MAS expects regulated firms to collect sufficient data to inform risk decisions and account management strategies, with customer engagement identified as a key channel for gathering such information. Examples include data on customers' key asset locations and exposure to supply-chain risks. Recognising the current reliance on proxy

data, the TPG also set out MAS' expectations around governance of such data, including choice of proxies and implications for risk assessments and decision making.

How the final TPG compare with the consultation drafts

Compared with the draft TPG issued for public consultation in October 2023, the final guidelines are more squarely focused on climate risk management and the channels through which MAS expects these risks to be addressed. The scope of the prior consultation was broader, with consideration of wider environmental risk now pared back. Draft disclosure expectations have also been removed from the TPG, as these are already addressed under the ENRM Guidelines. The principle of proportionality features more extensively and explicitly in the final TPG.

Preparing for implementation

Banks, asset managers and insurers within scope should begin engaging with the TPG as early as possible. Although the guidelines will only take effect from September 2027, financial institutions should use the intervening period to carry out gap analyses against existing processes under the ENRM Guidelines and assess where enhancements may be required. Starting early will help financial institutions better understand MAS' updated supervisory expectations and reduce the risk of misalignment.



¹ Guidelines on Environmental Risk Management – Transition Planning for [banks](#), [insurers](#) and [asset managers](#), Monetary Authority of Singapore, 5 March 2026

² Guidelines on Environmental Risk Management for [banks](#), [insurers](#) and [asset managers](#), Monetary Authority of Singapore, December 2020

³ Consultation Paper on Guidelines on Transition Planning for [banks](#), [insurers](#) and [asset managers](#), Monetary Authority of Singapore, October 2023

02 Incremental requirements for banks under the transition planning guidelines (TPG)

MAS' Environmental Risk Management Guidelines for Banks (December 2020)

MAS' Transition Planning Guidelines for Banks (March 2026)

Governance and strategy



Under the ENRM Guidelines, the Board is responsible for approving the bank's environmental risk management framework, ensuring that material environmental risks are addressed within the bank's risk appetite framework, and establishing clear roles and responsibilities for the Board and senior management in relation to environmental risk.

Senior management is responsible for developing, implementing and regularly reviewing the ENRM framework, establishing internal escalation processes, keeping the Board informed of relevant issues and allocating adequate resources to support effective implementation of the ENRM.

Under the TPG, greater emphasis is placed on how governance and strategy explicitly account for climate-related risks. Decisions by the bank's Board and senior management **around business strategy and risk appetite** (e.g., through portfolio allocation) are expected to consider how current and future operating environments arising from climate change may impact the bank's risk profile.

Senior management is also expected to ensure that its **climate-related business strategy** and risk appetite are effectively embedded within operations.

Banks are expected to establish mechanisms to review and refine their transition planning approach on a regular basis.



Risk management



Policies and procedures

Banks are expected to develop a risk management framework to manage environmental risks in a systematic and consistent manner. This includes clear definitions of roles, policies covering high-risk sectors, internal controls and timely reporting to the Board, as well as alignment with the three lines of defence model.

Risk identification and assessment

Banks should identify material environmental risks at both customer and portfolio level.

As part of its assessment process for providing credit facilities/capital market transactions, the bank should assess each customer's environmental risk. Transactions with higher environmental risk should be subject to enhanced due diligence to ensure comprehensive management of potential threats.

Risk management and monitoring

Based on its risk assessment, the bank should engage each customer that poses higher environmental risk and encourage the customer to make improvements. In determining the extent of such engagement, the bank may consider the materiality of the environmental risk, the customer relationship and its willingness to improve its environmental risk profile.

The bank should encourage customers to provide relevant corporate environmental disclosures (to the extent appropriate and applicable), to foster greater awareness of environmental risk and engender responsible behaviour.

The bank should provide all relevant information on its material environmental risk exposures to its Board and senior management to monitor progress against the bank's risk appetite and business strategies, and to support decision making on environmental risk management.

Customer engagement

Banks are expected to put in place a **structured customer engagement process to identify, assess and respond to climate-related risks**. Engagement should be used to encourage customers, particularly those in climate-vulnerable or transition-exposed sectors, to address such risks.

The TPG provide indicative examples of engagement approaches, including referencing available information on global sectoral transition pathways.

Engagement should be applied on a risk-proportionate basis, with the frequency and intensity calibrated to the level of risk posed by the customer.

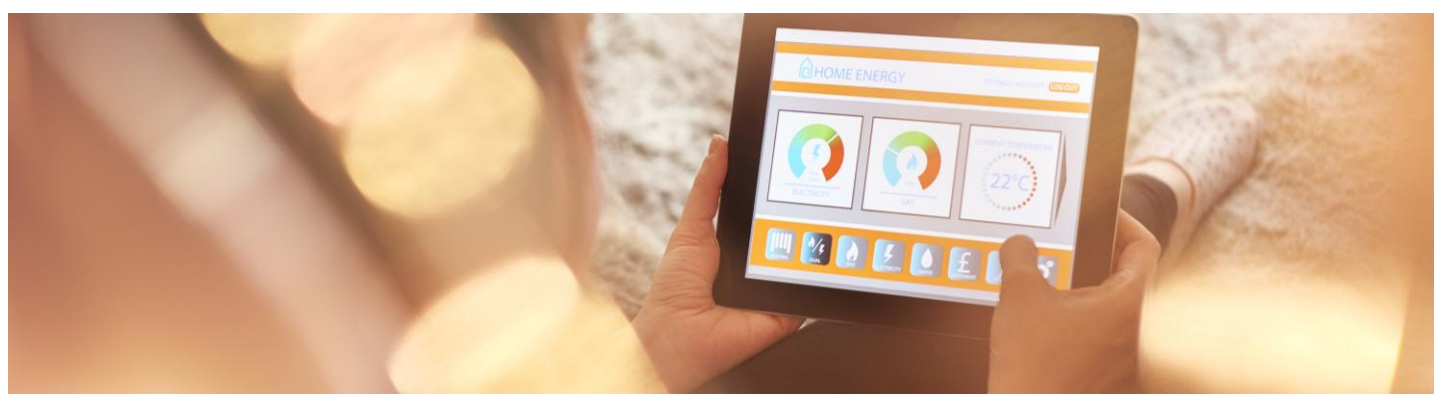
Banks are also expected to collect sufficient climate-related risk data about the potential impact of climate change on customers' business and risk profiles, to better inform risk decisions and account management strategies. Customer engagement can be one means to collect such information.

A risk-proportionate approach may be applied to data collection. For example, the amount of information collected from small- and medium-sized enterprise (SME) customers may be proportionately lower than that collected from larger customers. MAS also provides examples of climate-related risk data that could be collected, including customers' self-assessed exposure to transition and physical risks.

MAS states **that banks should not indiscriminately divest or withdraw financing from customers that are exposed to higher climate-related risks**.

Portfolio management approach

Banks are expected to take differentiated portfolio-level approach to transition planning. This includes accounting for sector-specific risks and, where appropriate, prioritising higher-risk sectors in transition planning. **Banks should also consider customer characteristics, such as differences in exposure and transition readiness, when determining how transition planning is applied across portfolios.**



Risk management



Scenario analysis and stress testing

The ENRM Guidelines require banks to develop capabilities in climate scenario analysis (CSA) and stress testing to assess the impact of material environmental risks on risk profiles and business strategies.

For stress testing purposes, banks should incorporate these risks into scenarios using both qualitative and quantitative approaches and assess how financial conditions may evolve under base and stress scenarios.

At the portfolio level, banks should develop quantitative and qualitative tools or metrics to monitor and assess environmental risk exposure. For example, such metrics may be used to assess portfolio exposures to geographical areas and sectors with higher environmental risk.

Portfolio management – forward-looking risk assessment tools

Banks should employ a range of forward-looking tools, such as CSA and stress testing, **as part of their transition planning processes** for risk discovery and quantification. Where material, the results from these processes should be incorporated into the bank's planning processes, including the capital adequacy assessment process.

Banks should continue to develop capabilities in CSA and stress testing, referencing leading industry practice wherever appropriate.

Banks should also seek to address material data gaps to better capture and differentiate the level of climate-related risk faced by customers.

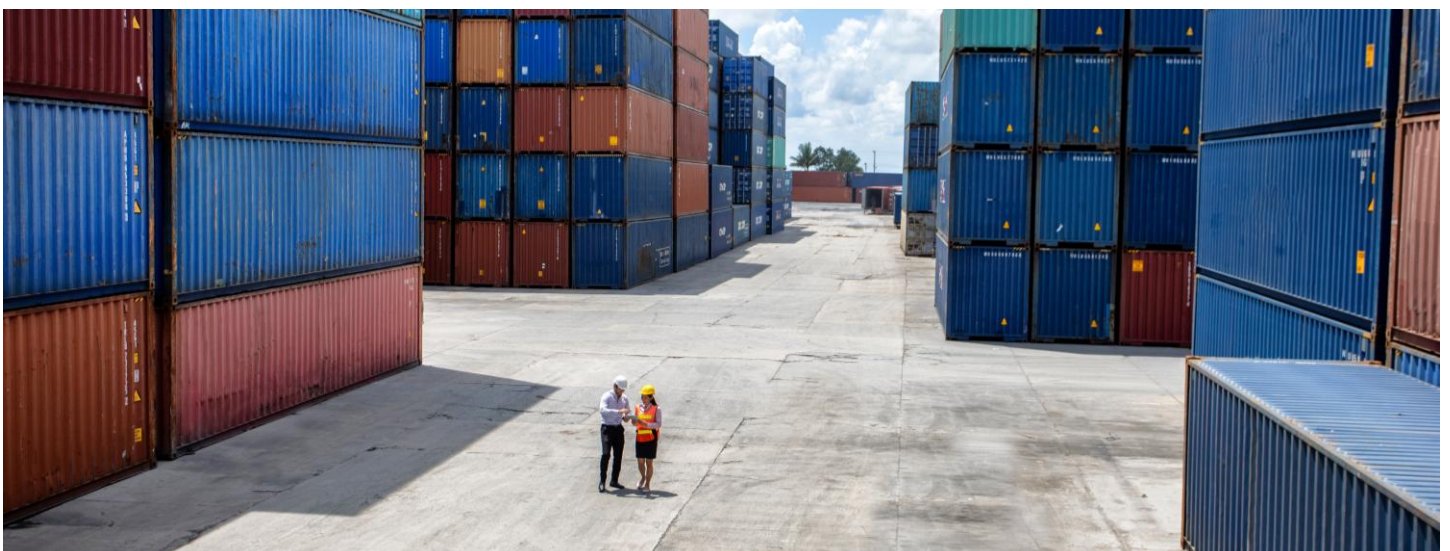
Portfolio management – data and metrics

Banks should recognise the inherent limitations of using proxy data to bridge data gaps when performing climate-related assessments at the customer and portfolio levels.

Banks should **document decisions relating to the use of proxy data**, including data sources, underlying assumptions, methodologies and limitations. Banks should also **articulate how the use of selected proxy data could have material implications for risk assessment outcomes**.

Banks should use metrics to track risk exposures and assess alignment with risk appetite and associated targets where relevant. MAS provides a list of factors for consideration when selecting appropriate short-, medium- and long-term metrics.

Banks should also consider the impact of any targets set, or the absence of targets, on business strategy and risk profiles, with residual risks identified and addressed.





Risk management



Capacity building

Banks should equip staff with adequate expertise to assess, manage and monitor environmental risks in a rigorous, timely and efficient manner.

Banks should regularly review such capacity-building programmes to incorporate emerging issues relating to environmental risk management.

Implementation strategy – people, processes, systems

Banks should equip staff, including through training and capacity-building initiatives, with adequate expertise to assess, manage and monitor climate-related risks in a rigorous, timely and efficient manner. **Banks should also develop staff capability to engage customers effectively on developing credible responses to climate-related risks.**

Banks should regularly review internal governance arrangements and processes, including the risk management framework, to ensure climate-related risks are managed in a systematic manner.

Banks should develop and implement a data strategy to support the collection, maintenance and analysis of relevant climate-related data for effective decision making.

Disclosure





Banks should, at least on an annual basis, disclose their approach to environmental risk management in a manner that is clear and meaningful to stakeholders. Such disclosures should be aligned with well-regarded international reporting frameworks, such as the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).

Banks should also review disclosures regularly to improve their comprehensiveness, clarity and relevance, taking into account generally accepted measurement practices and methodologies.

The TPG do not provide any additional expectations in relation to disclosure.

03 Incremental requirements for asset managers under TPG

	MAS' Environmental Risk Management Guidelines for Asset Managers (December 2020)	MAS' Transition Planning Guidelines for Asset Managers (March 2026)
Governance and strategy 	<p>Board responsibilities largely mirror those set for banks, although they do not explicitly reference the integration of environmental risk into a risk appetite framework.</p> <p>The responsibilities assigned to senior management are also largely aligned with those for banks. However, there is a distinct reference to ensuring that the risk management framework clearly sets out how environmental risk is incorporated into areas such as investment research.</p>	<p>Decisions by asset managers' Board and senior management on business strategy and risk appetite should consider how current and future operating environments may impact asset managers' risk profiles.</p> <p>Senior management is also expected to ensure that climate-related business strategy and risk appetite are effectively embedded within operations.</p> <p>In addition, the TPG expect senior management to establish processes and systems to ensure that asset managers' approach to, and implementation of transition planning is reviewed and refined on an ongoing basis.</p>
Research and portfolio construction 	<p>Asset managers should embed relevant environmental risk considerations into their research and portfolio construction processes, when material.</p> <p>Consideration should be given to the different ways in which environmental risk may materialise or be managed across asset classes. Asset managers should also be mindful of any internal aggregate limits set by their clients for specific sectors or activities, such as sector limits on exposure to companies in the fossil fuel sector.</p> <p>MAS also recognises that the management of environmental risk may be influenced by investment objectives and strategy, including differences between active and passive management approaches.</p>	<p>Portfolio management – approach</p> <p>In developing product offerings and investment strategies, asset managers should consider the potential adverse impacts or shocks arising from climate-related risks, where appropriate.</p> <p>The TPG expect asset managers to consider sector-specific characteristics and, where relevant, adopt appropriate approaches for sectors that pose higher climate-related risks as part of transition planning.</p> <p>Asset managers may also consider the risk characteristics of investee companies, including sector exposure, risk profile and transition readiness, with a view to prioritising sectors and investee companies that are exposed to higher levels of risk.</p>

Research and portfolio construction



Portfolio management – data and metrics

Asset managers **should recognise data limitations associated with the use of proxy data in climate risk assessments, and address data gaps when performing such assessments** at both the investee company and portfolio levels.

Asset managers **should use metrics to track risk exposure across their investment portfolios** and ensure these metrics support business strategy, investment strategy and associated targets, where relevant.

Metrics adopted should be aligned with the asset managers' risk management frameworks, business models and investment strategies.

Asset managers **should also evaluate how any targets set, or the absence of targets, may affect business strategy and the risk profiles of the portfolios they manage**, with residual risks identified and addressed.

Portfolio risk management



Asset managers **should develop robust capabilities for scenario analysis where environmental risk is deemed material within investment portfolios**. This includes the use of both short- and long-term scenarios, as appropriate, to assess potential impacts. Where data is limited, asset managers are expected to rely on qualitative assessments to supplement the analysis and support a more complete understanding of associated risks.

In relation to capacity building, the same provisions outlined under the banking guidelines apply.

Portfolio management – forward-looking risk assessment tools

Asset managers **may consider the use of forward-looking tools, such as scenario analysis**, as part of their transition planning for risk discovery and quantification, and incorporate the results into planning and risk management processes. Asset managers are also expected **to continue enhancing their capabilities in climate scenario analysis**, referencing leading industry practices, where appropriate.

Climate risk modelling frameworks should be developed across asset classes to reflect differences in climate-related risks arising from varying investee company characteristics, asset classes, economic activities and investment strategies.

Asset managers **should seek to address material data gaps** to better capture and differentiate the level of climate-related risks faced by investee companies.

Implementation strategy - people, processes, systems

Asset managers **should develop an implementation strategy to manage climate-related risks by hiring and upskilling staff** with the necessary expertise and **putting in place a comprehensive data strategy** to support effective decision making. Internal governance and processes, including the asset manager's risk management framework, should **be reviewed regularly**.

Stewardship



Asset managers are expected to exercise **prudent stewardship to positively influence the corporate behaviour of investee companies**, using methods such as engagement and proxy voting. Where appropriate, asset managers may also consider collaborative engagement with other asset managers or investors to improve efficiency, strengthen influence and enhance the credibility of engagement with investee companies.

Engagement and stewardship

Asset managers **should** develop and implement engagement and stewardship strategies to address climate-related risks in their portfolios by **supporting investee companies' transition to a low-carbon future on a risk-proportionate basis**.

Asset managers may also **adopt a multi-year view when engaging with investee companies on their risk profiles**, rather than focusing solely on point-in-time emissions levels. Engagement objectives may also be tailored to reflect jurisdictional transition or decarbonisation plans.

The TPG further set expectations that asset managers **should prioritise engagement with investee companies that are more vulnerable to climate-related risks**, and apply **enhanced monitoring** where risk mitigation strategies are inadequate.

Engagement may include **consideration of transition and/or physical risk management measures**, including potential impact on cashflows and capital expenditure, as well as **reference to available information on potential future transition pathways and physical hazards to which** investee companies are materially exposed.

Asset managers should ensure staff are **adequately equipped to engage effectively with investee companies**, including through a strong understanding of sector-specific and jurisdictional considerations and developments.

Asset managers **should seek to obtain sufficient climate-related risk data on the potential impacts of climate change on the business and risk profiles of investee companies**, to better inform investment, risk and portfolio management decisions. Engagement **may** be used as a channel to gather such information.

Asset managers **should not indiscriminately divest from investee companies with higher climate-related risks**, as doing so could increase the risk of stranded assets and contribute to a disorderly transition.

Disclosure



Asset managers are expected to **disclose their approach to managing environmental risk in a manner that is clear and meaningful to stakeholders**. The ENRM Guidelines do not prescribe how frequently such disclosures should be made. As with banks, asset managers are expected to align their disclosures with the recommendations of the TCFD.

MAS gives asset managers discretion over whether transition plans are kept as **internal documents or made available for external disclosure**.

04

Incremental requirements for insurers under TPG

	MAS' Environmental Risk Management Guidelines for Insurers (December 2020)	MAS' transition planning guidelines for Insurers (March 2026)
<p>Governance and strategy</p> 	<p>The Guidelines on Board and senior management responsibilities are fundamentally consistent with those established for banks.</p>	<p>Decisions made by Insurers' Board and senior management on business strategy and risk appetite, including through portfolio allocation, should take into consideration how the current and future operating environment arising from climate change may also impact insurers' risk profiles.</p> <p>Senior management should also ensure that that climate-related business strategy and risk appetite are effectively embedded within operations.</p> <p>The TPG expect senior management to establish mechanisms to ensure that the existing approach to transition planning, and its implementation, is reviewed and refined on a regular basis.</p>
<p>Risk management</p> 	<p>Under MAS Notice 126 (Enterprise Risk Management), insurers are required to implement an enterprise risk management framework that facilitates the identification and quantification of relevant and material risks, including environmental risks. Insurers should apply risk criteria to identify sectors that exhibit higher environmental risk as part of the risk identification and assessment process.</p> <p>In relation to risk management and monitoring, insurers should monitor customer-level activities for adverse events or potential non-compliance with policies. Based on their risk assessment, insurers should engage customers identified as posing higher environmental risk and encourage them to implement improvements.</p> <p>Insurers should develop capabilities in scenario analysis and stress testing to evaluate the impact of material environmental risks on their risk profiles and business strategies. More broadly, in the area of capacity building, the Guidelines are consistent with those issued for banks and asset managers.</p>	<p>Portfolio management – forward-looking risk assessment tools</p> <p>The approach set out in the TPG largely aligns with the ENRM Guidelines for insurers. Under the TPG, insurers are expected to integrate forward-looking risk assessment tools, such as climate scenario analysis and stress testing, into their transition planning processes to better understand and quantify climate-related risks.</p> <p>Insurers are expected to continue developing their capabilities in these areas, referencing leading industry practices and using models pertinent to their geographical scope and nature of business. In addition, insurers should address material data gaps to ensure climate-related risks are adequately captured and differentiated.</p> <p>Where material, the results of these assessments should be incorporated into insurers' planning processes and internal capital adequacy assessments to inform appropriate management actions.</p>



Risk management



Portfolio management – data and metrics

Similar to the TPG for banks and asset managers, insurers should **recognise the inherent limitations** of using proxy data to address data gaps when performing its climate-related risk assessments at the individual investment or customer level, as well as at the portfolio level.

Insurers should **use appropriate metrics to monitor risk exposures** and assess alignment with risk appetite and associated targets. In selecting appropriate metrics, insurers should consider factors such as the customers or investees involved, the insurer's business and risk profile at an appropriate level of granularity, and any data limitations. The TPG also **expects insurers to have processes in place to understand the key drivers of material changes in metric outcomes** and to **conduct periodic reviews of all relevant risk metrics** as understanding of climate change evolves.

Insurers should evaluate the **impact of setting specific targets** on business strategy and risk profiles, with any resulting residual risks identified and addressed. This includes taking a multi-year view that looks beyond short-term emissions fluctuations and assessing whether targets may impact the insurers' overall risk profile, including from a geographical or sectoral diversification perspective. Insurers should also consider the customer and investment segments in scope at an appropriate level of granularity and regularly review the targets set to ensure their continued relevance.

Implementation strategy - people, processes, systems

Similar to the TPG for banks and asset managers, insurers should ensure adequate capacity building for staff, maintain strong governance processes and put in place a data strategy to analyse climate-related data to support effective decision making.

Underwriting



Underwriters should be equipped to assess the environmental impact of proposed transactions effectively.

Insurers should evaluate each customer's environmental risk as part of the onboarding process, taking into account the customer's ability and willingness to implement environmental risk mitigation measures. Transactions involving higher environmental risk should undergo enhanced due diligence and, where applicable, escalated for specialised approval by relevant decision makers.

In measuring and monitoring underwriting exposures, insurers should develop quantitative and qualitative tools and metrics to assess environmental risk exposure where it is material.

Engagement with customers

The TPG expect insurers to have in place a structured process to engage customers on climate-related risks and to encourage the implementation of risk mitigation and adaptation measures, especially for customers that are **more exposed to transition and physical risks**.

Such engagements may include assessing relevant future trajectories and potential physical hazards arising from climate change to which customers are materially exposed, addressing the implications of increasing climate-driven protection gaps and the longer-term viability of customers' business models, considering transition and physical risk management measures, including their impact on cashflows and capital expenditure. Insurers should also factor customers' forward-looking risk profiles and risk management actions into their risk assessment and management processes.

Through the customer engagement process, insurers should **collect sufficient climate-related risk data on the potential impact of climate change on customers' business and risk profiles**, to inform risk decisions and underwriting strategies.

Insurer should **engage customers on a risk-proportionate basis** and may apply the same principle to data collection. This means considering the level of risk that a customer poses to the insurer. For example, the amount of data collected from SME customers may be proportionately lower than that collected from larger companies where climate-related risks are more material.

The TPG also **suggest that insurers consider developing or building on existing structured templates to facilitate collection of consistent and comparable customer data**. In addition, the TPG provide examples of climate-related risk data that may be collected from customers.

Ultimately, the TPG emphasise that insurers should **avoid indiscriminately withdrawing** insurance coverage from customers or sectors.

Underwriting



Risk selection

The TPG expect insurers to **consider sector-specific characteristics** and, where appropriate, adopt a **differentiated approach for sectors posing higher climate-related risks, at an appropriate level of granularity, as part of transition planning.**

Similarly, insurers should **factor in differences in customer characteristics**, including exposure to varying levels and sources of climate-related risk and differing stages of transition readiness, and apply differentiated approaches within transition planning. The TPG provide illustrative considerations that insurers may use when assessing and engaging customers with different risk profiles.

Investment



Environmental impacts should be evaluated from both top-down and bottom-up perspectives. Insurers are also required to regularly review investment portfolios under stress-testing scenarios to ensure comprehensive oversight.

In promoting responsible business practices, **insurers should consider engaging with companies and asset managers individually, where appropriate.** Additionally, insurers may explore collaborative engagement with other investors to enhance influence and effectiveness.

Engagement with asset managers and investees

The TPG expect insurers to have a **structured process in place to engage asset managers and investees to manage exposure to climate-related risks**, including transition risks, within their investment portfolios. Insurers should therefore **engage and steer** their in-house and/or external asset managers to ensure sufficient climate-related risk data is collected to inform risk decisions and investment management strategies. Examples of climate-related risk data may include proxy data used by asset managers in their climate-related risk assessments.

Portfolio management approach

Similar to the Underwriting section of the TPG for insurers, insurers are expected to **take account of sector-specific considerations and differences in investment characteristics** as part of transition planning, and to apply differentiated approaches for sectors posing higher climate-related risks.

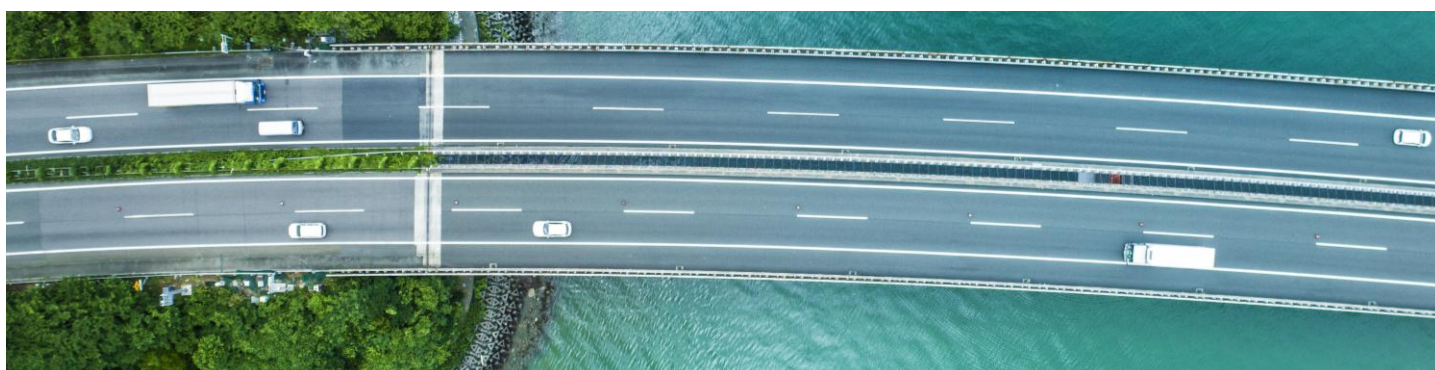
Insurers should also **engage asset managers and investees on a risk-proportionate basis, and should not indiscriminately withdraw investments.**

Disclosure



Insurers are expected to make disclosures at least annually, consistent with the requirements for banks. Additionally, these disclosures should align with the recommendations of the TCFD.

As with the TPG for banks and asset managers, **no additional disclosure expectations are introduced.**



05 Key changes from the consultation papers

a) Stronger integration with risk management and tighter climate-risk framing

The TPG are now explicitly an addendum to the ENRM Guidelines, reinforcing MAS' view that transition planning sits within the broader environmental risk management framework. The definition and scope of the TPG have been tightened to emphasise climate transition and climate-related financial risk management, rather than a broad transition strategy.

Implications: The TPG should be overseen as part of core risk governance, building on existing risk management frameworks, including those relating to environmental risk management.

b) Stronger recognition of implementation constraints and proportionality

MAS has clearly taken industry feedback into account. The final TPG include more explicit language around data and methodology constraints and emphasise risk-proportionate, iterative implementation. This is especially so in the area of customer and investee engagements, where certain explicit requirements in the consultation papers have been removed, language has been refined, and practical examples of proportionality have been introduced, e.g., SMEs versus larger corporates in data collection.

Implications: Financial institutions now have clearer room for phased, practical implementation. However, they are expected to clearly document the risk-proportionality assessments underpinning their approach, while demonstrating clear prioritisation and a roadmap for progress.

c) Calibrated expectations on metrics and targets

While the consultation papers included an explicit expectation for financial institutions to set metrics and targets to track progress against strategic objectives, the final TPG take a less prescriptive approach. Instead, the focus is on governance and risk management where targets exist. Certain explicit requirements relating to decarbonisation targets, such as the use of science-based pathways and reference scenarios, have also been removed.

Implications: Although requirements around target-setting are less explicit, financial institutions with existing climate targets are now expected to clearly scope these targets with appropriate data discipline and robust governance. At the same time, financial institutions should take this opportunity to refine a focused set of decision-useful transition metrics to track progress, calibrate risk appetite and drive management actions.

d) Disclosures, whilst still relevant, are no longer a feature of the TPG

The consultation papers included a dedicated section on transition plan disclosures, which has been removed in the final TPG. Disclosure expectations are instead anchored back to existing ENRM Guidelines, with financial institutions expected to consider the applicability of international reporting frameworks based on materiality.

Implications: Transition-related disclosure remains important, but the TPG no longer prescribe additional expectations from the MAS. The key is ensuring that public disclosures are clear and meaningful to stakeholders, taking reference from international frameworks and standards.



06 Prepare for implementation

MAS has given financial institutions until September 2027 before the TPG take effect – but the breadth of expectations and the need to embed them in core risk management, business strategy and client engagement means institutions will need to move early and in a structured way.

We see five practical, mutually reinforcing workstreams for financial institutions implementing the TPG:

1. **Revisit climate risks and opportunities with a multi-year lens**
2. **Clarify ambition and strategy, and align them with risk appetite**
3. **Develop a transition blueprint and embed it into business, risk and finance**
4. **Strengthen governance, data and metrics for credible execution**
5. **Prepare for reporting and stakeholder communication**



Each workstream can be sequenced and scaled proportionately to the financial institution's size, business model and risk profile – consistent with MAS's emphasis on proportionality and iterative implementation.

1. Revisit risks and opportunities

MAS has been clear since the launch of its consultations on the draft TPG that financial institutions should take a “multi-year approach” to assess climate-related risks, including longer time horizons beyond those typically used for financing or investment decisions, to support a more comprehensive assessment of such risks.



For many institutions, this means **revisiting existing environmental risk assessments performed under the ENRM Guidelines and extending them across longer time horizons and a broader set of portfolios.**

Concretely, financial institutions can:

- **Refresh their climate risk materiality assessment**
 - Reassess which sectors, products, geographies and counterparties are most exposed to transition and physical risks over the short, medium and long term.
 - Incorporate evolving policy pathways, such as sectoral decarbonisation plans, technology trends and market expectations into the risk identification process.
 - Use a risk-proportionate approach – for example, more granular analysis for large, high-emitting corporates and lighter, streamlined assessments for SMEs, as contemplated by the TPG.
- **Enhance scenario analysis and link it to decision making**
 - Build on any existing climate scenario capabilities to explore a set of plausible transition pathways, such as orderly, disorderly and “hot house” scenarios, and their implications for credit, market, underwriting and investment risk.
 - Where quantitative scenario analysis was previously deemed not necessary under the ENRM Guidelines, revisit that decision in light of the TPG's explicit multi year risk assessment expectations.
 - Translate scenario insights into practical outputs – sector heatmaps, watchlists, and early warning indicators – that can feed into credit policies, underwriting criteria and investment guidelines.
- **Map transition opportunities alongside risks**
 - Identify areas where client transition needs can translate into new products and services, such as transition loans, climate insurance solutions and transition funds, and where the financial institution can enable and finance credible transition pathways

2. Clarify ambition and strategy

While the TPG are anchored on risk management, it is clear that transition planning is closely linked to broader climate ambition and business strategy.

In this context, **financial institutions should revisit whether existing climate ambition and strategy remain fit-for-purpose following an initial assessment of risks and opportunities.**

This involves clarifying the firm's ambition in relation to climate transition – for example, whether it seeks to play a leading role by pursuing financing opportunities that help accelerate the phase-out of high-emitting assets, or whether, given the nature of its investment portfolio, climate risk is deemed relatively immaterial, at least for the foreseeable future. Articulating this position helps shape the framing of a potentially inaugural transition planning process and supports clearer decisions on the extent of climate-related data needed from clients, taking into account both climate ambition and the financial institution's climate risk profile.

Given that the TPG allow for a transition period of 18 months, we would recommend that financial institutions start **securing internal alignment around climate ambition levels in a systematic manner** as early as possible. Practical actions include:

- **Articulate or refine an enterprise-level climate commitment**
 - Confirm the extent to which the financial institution has a decarbonisation commitment, such as net zero by 2050, and whether it aligns with credible science-based trajectories.
 - Clarify the scope, such as portfolios, asset classes or insurance books, and boundaries like financed versus facilitated emissions, of any existing commitments.
- **Align climate ambition with business strategy and risk appetite**
 - Translate high-level ambition into sector- and product-level strategic directions, for example growth in renewable energy project finance or a gradual tightening of exposure to unabated coal.
 - Review risk appetite statements to ensure they explicitly consider climate transition risk, including limits, thresholds or “no-go” areas that reflect strategic choices.
 - Identify strategic trade-offs, for example between near-term revenue from high-carbon activities and longer-term risk, reputation and regulatory expectations.
- **Define the role of transition finance**
 - Clarify how the financial institution intends to support clients with credible transition plans, for example through specific transition finance instruments or advisory services, and how it will engage clients that are not yet aligned.



3. Develop a transition blueprint

Once the financial institution has a clear view of risks and opportunities in this regard, together with updated climate ambition and strategy, the focus should shift to implementation. Key activities should be collated into a transition blueprint, which can also serve as the outline of a prospective, consolidated transition plan. Implementation activities should be time-bound and well-defined, principles which are crucial to ensuring effective delivery.

Key areas for consideration may include:

- **Portfolio and product strategy**
 - Segment portfolios by climate risk and transition potential, and **define differentiated strategies**, such as accelerating support for transition-ready sectors, engaging and conditionally supporting hard-to-abate sectors, or capping exposures where transition pathways are not credible.
 - Identify new or adapted products, such as transition-linked loans, resilience-linked insurance products and climate-themed funds, together with the underwriting or lending criteria that will govern them.
- **Client and investee engagement**
 - Formalise a **structured engagement framework**, as expected by the TPG, setting out:
 - Prioritisation logic, including which clients or investees to engage first based on risk, exposure and transition relevance.
 - Engagement objectives, such as encouraging clients to develop transition plans, disclose emissions or commit to targets.
 - Escalation pathways, ranging from dialogue to conditionality to potential restrictions, in line with MAS' risk-proportionate approach.
 - Equip relationship managers, investment teams and underwriters with practical tools, including sectoral transition playbook and question banks, to facilitate informed transition conversations.
- **Risk management integration**
 - Integrate climate transition risk into core risk processes, including credit risk grading, underwriting guidelines, sector policies and capital planning, ensuring alignment with the ENRM framework and existing risk taxonomies.
 - Clarify what transition planning means for each key function, including Front Office, Risk, Finance, Compliance, Technology and Data, with clear roles and responsibilities.
 - Define how climate considerations will influence decisions at key points, such as origination, review, renewal and remediation, and how exceptions will be governed.



4. Strengthen governance, data and metrics

The TPG place significant emphasis on governance and the disciplined use of climate-related risk data, including appropriate governance of proxy data where gaps exist.



Key focus areas include:

- **Board and senior management oversight**
 - Clarify which board committees oversee transition planning and climate risk, for example the risk committee versus a sustainability committee, and how they receive regular updates on progress.
 - Ensure senior management roles, including the Chief Risk Officer, Chief Financial Officer and business heads, have explicit responsibility for integrating climate transition into their mandates, with clear performance expectations where appropriate.
- **Data architecture and controls**
 - Map climate-related data relevant to risk decisions, client engagement and metrics, including emissions data, transition plans, sector pathways and scenario inputs.
 - Where data gaps exist, define a consistent approach to using proxies and estimates, such as modelled emissions, including governance over methodology selection, validation and disclosure of limitations as expected by MAS.
 - Develop or enhance data platforms and interfaces to make climate data usable by Front Office, Risk and Finance teams.
- **Metrics and targets**
 - While the final TPG do not prescribe specific target-setting requirements, they expect robust governance where targets exist and encourage the use of decision-useful metrics.
 - Financial institutions should define a focused set of metrics that support risk management and strategic decisions, such as:
 - Exposure to high-risk sectors by scenario and time horizon.
 - Portfolio-level emissions or intensity metrics where feasible.
 - Proportion of exposures aligned to credible transition pathways.
 - Connecting these metrics to risk appetite and management actions, for example by linking threshold breaches to defined responses such as enhanced client engagement or underwriting adjustments.

5. Prepare for reporting and disclosure

While the TPG no longer contain separate disclosure requirements and instead point back to the ENRM Guidelines and international frameworks, the TPG underscore that transition-related disclosures remain important.



Financial institutions should:

- **Determine transition plan disclosure strategy**

Assess how any new or updated transition plan will interact with existing reporting obligations, such as ENRM-aligned climate risk disclosures and the IFRS Sustainability Disclosure Standards issued by the International Sustainability Standards Board (ISSB) for listed entities or groups that are required to adopt the ISSB's standards. Monitor transition plan-related developments in other jurisdictions, such as Bank of England expectations and Transition Plan Taskforce frameworks, and consider how international investors and counterparties may assess the credibility of the financial institution's plan. Where relevant, global frameworks such as those from the Glasgow Financial Alliance for Net Zero (GFANZ), Transition Plan Taskforce (TPT) and the UN Environmental Programme Finance Initiative (UNEP FI) may be used as reference points for the structure and content of disclosures, adapted to the Singapore context.
- **Use the transition plan as a strategic engagement and communication tool**

Treat the transition plan disclosure as more than a compliance document, using it to explain to internal and external stakeholders:

 - a. The firm's overall approach and strategic choices on climate transition, such as priority sectors, client segments and transition finance strategy.
 - b. How the firm is building resilience to climate-related financial risks across portfolios, business lines and operations.
 - c. Where it sees new opportunities, such as in transition finance, new products and markets, and how it plans to capture them.
 - d. The investments and resources required – in data, technology, people and capital – and the expected benefits in terms of risk reduction, growth and stakeholder trust.



07 Conclusion

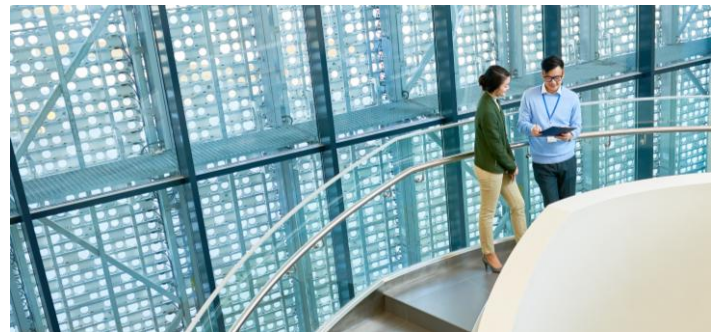
As highlighted throughout this report, the MAS TPG represent an evolution of, rather than a radical departure from, the ENRM Guidelines that preceded them.

Accordingly, there is **no need for most financial institutions to start with a blank sheet of paper**. Instead, these institutions should critically review existing materials and practices in line with the TPG. For the most thorough results, a **gap analysis of current ENRM-aligned materials** against the latest TPG requirements can help identify areas where quick wins may be available. For example, certain engagement or stewardship strategies may only require modest refinements to inform and support more effective disclosure. Where such practices do not exist, new approaches may need to be developed. In such cases, undertaking a gap analysis early can help surface these areas and enable financial institutions to address them well ahead of the TPG go-live date.

It is also important to remain cognisant of the role that effective transition planning plays in supporting the growth of high-integrity transition finance. While corporate transition plans are often a pre-condition for providing transition finance, credible transition plans and planning

processes by financial institutions can give a wider range of stakeholders confidence that such finance is being extended with climate credibility front of mind.

Through effective climate transition plans, financial institutions have an opportunity to lead both their sector and the wider transition. By identifying and managing climate-related risks and enabling their clients to respond more effectively to climate change, financial institutions can mitigate risk across value chains, capitalise on emerging business opportunities and contribute to a more sustainable future.



How we support transition planning

Our team of professionals has deep knowledge of the financial services sector and extensive experience supporting clients with transition planning. In recent years, we have also worked closely with clients across asset management, banking and insurance industries on implementing the ENRM Guidelines. As the MAS TPG represent a direct extension of the ENRM Guidelines, we can support transition planning preparation and enhancement in a way that builds on what financial institutions have already put in place.

More specifically, we can support the five key components of transition planning preparation (refer to Section 6) delivered across three stages: Baseline, Development and Implementation.

Baseline

We support financial institutions to (1) assess risks and opportunities and (2) clarify ambition and strategy. This includes activities such as double materiality assessments, climate risk identification, physical and transition scenario analysis, and climate strategy and ambition setting and/or refresh.

Development

We help financial institutions (3) develop a transition blueprint and (4) revisit governance and metrics. This

includes assisting with the development and/or enhancement of climate targets and commitments, outlining the enabling actions and initiatives, designing effective governance and oversight, defining metrics and KPIs to track progress, and facilitating documentation to support robust reporting.

Implementation

Once the plan is developed, we help clients execute the transition strategy and (5) prepare for reporting and disclosure. As part of the implementation plan, we support them in embedding climate strategy into products and services, risk management, data and technology, as well as workforce upskilling and training. In addition, we support regulatory readiness and the production of transition plan disclosures.

Across these offerings, we deploy digital assets including a Partnership for Carbon Accounting Financials (PCAF)-compliant, cloud-based Portfolio Emissions Manager (PEM) tool, which supports financial institutions in quantifying financed and facilitated emissions, forecasting decarbonisation pathways and advancing transition planning.

Please reach out for a demo of the digital solution and how it can support your institution's transition journey.



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