

**MEMO# 35542**

December 13, 2023

# Asia ESG: MAS Finalizes Code of Conduct for ESG Ratings and Data Providers

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TO: ICI Global Members

Asia Regulatory and Policy Committee SUBJECTS: ESG

International/Global RE: Asia ESG: MAS Finalizes Code of Conduct for ESG Ratings and Data Providers

On December 6, 2023, the Monetary Authority of Singapore (MAS) finalized[\[1\]](#) the voluntary code of conduct for ESG ratings and data providers.[\[2\]](#) Consistent with the consultation draft released in June 2023, the code of conduct largely aligns with the recommendations of the International Organization of Securities Commissions (IOSCO),[\[3\]](#) with additional Singapore-specific requirements (e.g., disclosure on any consideration of forward-looking elements in the ESG ratings and data products).

The code of conduct is based on a "comply or explain" approach, supported by a self-attestation checklist regarding the progress on adopting the code of conduct. ESG ratings and data providers who adopt the code of conduct should publish the checklist within 12 months from the publication of the code of conduct, i.e., by December 2024. They should publicly inform market participants or provide interim compliance statements on their adoption if they require additional time to provide the checklists.

As indicated in the consultation, MAS will monitor the implementation of the code of conduct and observe global developments before taking further steps to formalize a local regulatory regime for ESG ratings providers.

ICI Global engaged with MAS on the draft code of conduct and submitted a response to the consultation.[\[4\]](#) We broadly welcomed MAS' approach in developing a voluntary industry code of conduct as a first step toward improving transparency by ESG ratings and data product providers, and recommended MAS explicitly clarify that ESG ratings and data solely produced for internal or intra-group use and not provided or marketed to third parties on a commercial basis (e.g., for a fee) would be excluded.

Taking into consideration the industry feedback, MAS has made the following key changes to the final code of conduct relative to the consultation draft:

- Exclusion of internal ESG ratings and data: To align with approaches taken by other jurisdictions, MAS revised the scope of exclusions such that the code of conduct excludes proprietary rating or data products that are produced for use or consumption within the provider's own corporate group of affiliated companies and are not "offered to third parties."
- Additional disclosure on compliance with the code of conduct: Given the responses received on the desire for additional information on how ESG ratings and data product providers had adopted, or plan to adopt, the code of conduct, MAS added a remark in the checklist to encourage ESG ratings and data providers to provide links or attachments to support their self-attestations in the checklist.
- Maintaining a list of providers adopting the code of conduct: MAS has worked with the International Capital Market Association (ICMA) to host a list of ESG ratings and data providers who adopt the code of conduct to enable users to identify these providers with greater ease. ESG ratings and data providers should inform ICMA when they have publicly published their checklists in the adoption of the code of conduct.

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#### Notes

[1] MAS Publishes Code of Conduct for Providers of Environmental, Social, and Governance ("ESG") Rating and Data Products, December 6, 2023, available at <https://www.mas.gov.sg/news/media-releases/2023/mas-publishes-code-of-conduct-for-providers-of-esg-rating-and-data-products>.

[2] See Annex C: Code of Conduct for ESG Rating and Data Product Providers (December 2023), available at <https://www.mas.gov.sg/publications/consultations/2023/consultation-paper-on-proposed-code-of-conduct-for-esg-rating-and-data-product-providers>.

[3] FR09/21 Final Report Environmental, Social and Governance (ESG) Ratings and Data Products Providers, November 2021, available at <https://www.iosco.org/library/pubdocs/pdf/IOSCOPD690.pdf>; ICI Memorandum [33922], dated November 24, 2021, available at <https://www.ici.org/memo33922>.

[4] See ICI Memorandum [35413], dated August 22, 2023, available at <https://www.ici.org/memo35413>.