

SINGAPORE'S GREEN POLICIES AND REGULATIONS

25 April 2022

Introduction

1. In March 2022, the Minister for Sustainability and the Environment, Ms Grace Fu Hai Yien, commemorated the 1st anniversary of the launch of Singapore's Green Plan 2030 (the "**Green Plan 2030**"). The Green Plan contains initiatives to strengthen Singapore's commitment to international environmental treaties, such as the UN 2030 Sustainable Development Agenda and the Paris Agreement, and is one of the many "green" initiatives and regulations in Singapore. In this article, we briefly outline a number of the initiatives and regulations and how these may benefit and affect businesses in Singapore.

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Green Plan 2030

2. A key initiative in the Green Plan 2030 is the SG Eco Fund under which businesses and individuals may obtain funding for projects that engage the community in improving the environment in Singapore. Another support scheme is the Green and Sustainability-Linked Loan Grant Scheme which supports businesses in obtaining green and sustainable financing by defraying the expenses involved in obtaining such loans.
3. Various government agencies have also rolled out initiatives to contribute to the SG Green Plan 2030. Some of these initiatives include (i) the National Environment Agency's Energy Efficiency Fund which supports the efforts of businesses with industrial facilities to improve energy efficiency; (ii) the National Environment Agency's Closing the Resource Loop Funding Initiative which supports research and development on sustainable resource recovery solutions; and (iii) the Singapore Food Agency's Agri-Food Cluster Transformation Fund which supports the transformation of Singapore's agri-food sector into a highly productive, climate-resilient, and resource-efficient one.

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Environmental Laws

4. In order to complement the various government initiatives that support businesses in the transition to a green economy, the Government has also put in place various environmental laws and regulations that aim to reduce emissions, create green growth opportunities and transition to an energy-efficient low carbon economy.

5. In January 2019, Singapore became the first country in Southeast Asia to introduce a carbon tax on greenhouse gas (GHG) emissions. The carbon tax aims to incentivise emissions reductions across all sectors and support the transition to a low-carbon economy. It is applied uniformly across all sectors, including energy-intensive and trade-exposed sectors, without exemption. The responsibility rests with an industrial facility that emits direct GHG emissions equal to or above 2,000 metric tonnes of GHG annually to register itself as a reportable facility and to submit an Emissions Report annually. The facility would have to consider emissions arising from both fuel combustion and industrial processes and product uses. Since 1 January 2019, businesses that emit more than 25,000 metric tonnes of carbon dioxide, or its equivalent for other selected greenhouse gases, need to pay a tax of S\$5 per metric tonne of emissions pursuant to the Carbon Pricing Act 2018. The tax rate will be raised to S\$25 per metric tonne of emissions in 2024 and 2025, and \$45 per metric tonne of emissions in 2026 and 2027, with the aim of attaining a rate of \$50 to \$80 per metric tonne of emissions by 2030.
6. Businesses may use high quality international carbon credits to offset up to 5% of their taxable emissions from 2024. This will cushion the impact for businesses that are able to source for credible carbon credits in a cost-effective manner. This will also help to create local demand for high-quality carbon credits and catalyse the development of well-functioning and regulated carbon markets.
7. In July 2012, Singapore enacted the Energy Conservation Act which mandates energy efficiency requirements and energy management practices, to promote energy conservation, improve energy efficiency and reduce the environmental impact of energy use. Under the Act, large energy users in the industry and transport sectors that consume at least the equivalent of 54 tera-joules of energy per calendar year in at least two out of the three preceding calendar years must appoint at least one energy manager to manage energy use. These companies or transport facility operators are also required to monitor and report energy use and greenhouse gas emissions, and submit energy efficiency improvement plans on an annual basis to the relevant agencies.
8. Singapore has also enacted pollution management regulations. Such regulations seek to regulate business activities that generate various types of pollution, ranging from air pollution to noise pollution. The regulations include, for instance, rules mandating that businesses put in place pollution control equipment or treat waste products before releasing them into the environment.

Conclusion

9. Businesses should be aware of the various Government “green” initiatives, as they may be able to benefit from them. This is especially so for businesses whose activities may have environmental impact, whether direct or indirect.
10. Businesses must also pay attention to the greenhouse gas emissions that their business activities generate, as well as the presence of any pollutants in the waste products generated by their

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business activities. This is particularly relevant for businesses in certain industries, such as the manufacturing, construction and petrochemical industries, which involve works or industrial processes which generate pollutants. Large businesses or businesses looking to expand should also be attentive towards the relevant regulations, as the size of a business would also be a contributing factor to the potential application of the carbon tax.

11. If you have any question on any aspect of Singapore's various environmental policies and regulations, please contact our Mr. Tan Tee Jim, SC (tanteejim@leenlee.com.sg) or Mr. Basil Lee (basillee@leenlee.com.sg).

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