



**COUNTRY
COMPARATIVE
GUIDES 2024**

The Legal 500 Country Comparative Guides

Singapore

ENVIRONMENTAL, SOCIAL AND GOVERNANCE

Contributor

Dentons Rodyk



Ipshita Chaturvedi

Partner | ipshita.chaturvedi@dentons.com

S Sivanesan

Senior Partner | sivanesan.s@dentons.com

This country-specific Q&A provides an overview of environmental, social and governance laws and regulations applicable in Singapore.

For a full list of jurisdictional Q&As visit legal500.com/guides

SINGAPORE ENVIRONMENTAL, SOCIAL AND GOVERNANCE



1. Climate - the law governing operations that emit Greenhouse Gases (e.g. carbon trading) is addressed by Environment and Climate Change international guides, in respect of ESG: a. Is there any statutory duty to implement net zero business strategies; b. Is the use of carbon offsets to meet net zero or carbon neutral commitments regulated; c. Have there been any test cases brought against companies for undeliverable net zero strategies; d. Have there been any test cases brought against companies for their proportionate contribution to global levels of greenhouse gases (GHGs)?

a. Is there any statutory duty to implement net zero business strategies;

While there is no direct statutory duty to implement net zero business strategies in Singapore as yet, Singapore's Green Plan 2030 is steadily making progress in embedding climate positive processes in all areas of business and finance to achieve net-zero emissions by 2050. Listed companies in three major industries (financial, agriculture, food and forest products, and energy) are now under a duty to implement mandatory sustainable reporting (of which net-zero business strategy may be part, but not specifically or exclusively). The mandatory reporting will expand in phases to include six industries by 2025 and large non-listed companies from 2027.

b. Is the use of carbon offsets to meet net zero or carbon neutral commitments regulated;

Singapore implements a carbon tax of S\$5 per tonne (/tCO₂e) for GHG emissions in 2023 or earlier, and S\$25/tCO₂e in 2024 and 2025. For GHG emissions in 2026 or later, the carbon tax will be S\$45/tCO₂e, following the Third Schedule of the Carbon Pricing Act.

From 2024, Singapore-based companies are allowed to buy high-quality international carbon credits from the voluntary carbon markets (from specific projects) to offset up to 5 per cent of their taxable carbon emissions. Carbon markets are not expressly regulated in Singapore currently, even though there is a considerable carbon services and products marketplace based in Singapore.

c. Have there been any test cases brought against companies for undeliverable net zero strategies;

Not that we are aware of.

d. Have there been any test cases brought against companies for their proportionate contribution to global levels of GHGs?

Not that we are aware of.

2. Biodiversity - are new projects required to demonstrate biodiversity net gain to receive development consent?

The Biodiversity Net Gain framework as articulated in the UK does not have a similar counterpart in Singapore. The Urban Redevelopment Authority offers programs such as Landscaping for Urban Spaces and High-Rise (LUSH) which comprise of Land Replacement Area (LRA) requirements and incentives to encourage developers to enhance the quality and quantity of greenery in development.

Further, construction activities are only permitted on designated sites once the corresponding landscaping has been established according to the dimensions stipulated in the Park and Trees Act. Additionally, prior to commencing any construction, the owner of the property may be obligated to allocate open spaces to be utilized as public parks, in accordance with any development plans authorized by the appropriate governing body. The Commissioner of Parks and Recreation must authorize any removal of trees with a trunk circumference greater than one meter that are growing in tree conservation

areas or vacant land.

3. Water - are companies required to report on water usage?

Water Efficiency Management Practices, under Part IVA of the Public Utilities (Water Supply) Regulations 2015 imposes on large water users with water consumption of at least 60,000 cubic metres in the preceding year, an obligation to submit a notification to Public Utilities Board (PUB), install private water meters to track and monitor their water usage, submit their annual Water Efficiency Management Plan for at least three consecutive years and, appoint at least one Water Efficiency Manager. It must also be noted that 40% of Singapore's water demand is met by recycled wastewater, a figure that is expected to rise in the future.

4. Forever chemicals - have there been any test cases brought against companies for product liability or pollution of the environment related to forever chemicals such as Perfluoroalkyl and Polyfluoroalkyl Substances (PFAS)?

Not that we are aware of.

5. Circularity - the law governing the waste hierarchy is addressed by the Environment international guide, in respect of ESG are any duties placed on producers, distributors or retailers of products to ensure levels of recycling and / or incorporate a proportionate amount of recycled materials in product construction?

Singapore introduced the Zero Waste Masterplan in 2019. The masterplan, along with the Resource Sustainability Act (RSA), 2019 provide the strategy and the legal framework to apply circularity/ waste reduction to three key waste-generating sectors – electronic waste, food waste and packaging waste, including plastics.

The first EPR framework was introduced for e-waste in July 2021. Part III of the RSA legislates on e-waste management in Singapore while Part VI of the RSA details how a Producer Responsibility Scheme (PRS) would work. Further, the Singapore Green Labelling Scheme (SGLS) provides guidelines and criteria for products that incorporate recycled content and endorses industrial and consumer products that have less

undesirable effects on our environment. The SGLS is a voluntary eco-labelling scheme that promotes environmentally sustainable products and practices.

6. Plastics - what laws are in place to deter and punish plastic pollution (e.g. producer responsibility, plastic tax or bans on certain plastic uses)?

Part 4 the Resource Sustainability Act 2019 introduced mandatory packaging requirements for eligible entities to reduce plastic waste by making companies develop 3R plans (reduce, reuse, recycle). No later than 2025, the National Environment Agency (NEA) will implement an extended producer responsibility (EPR) framework for plastic packaging that will impact businesses directly, foreseeably through direct regulation. Note this is a developing space, with the recent tabling of the bill in February 2023 to adopt several proposed amendments to the Resource Sustainability Act 2019 including: (i) requiring larger supermarket operators with an annual turnover of more than S\$100 mil to impose a minimum charge of 5 cents for every disposable bag of all material types provided to shoppers at their physical stores, to publish information on the number of bags issued, amount of proceeds received from the bag charge, and how the proceeds are used including the support of charitable or environmental causes; and (ii) implementing a beverage container return scheme requiring consumers to pay a 10 cent upfront deposit for certain beverage products pre-packaged in plastic bottles or metal cans (denoted by a deposit mark) which is added to the purchase price and refunded when the empty containers are returned to designated return points, and the licensing of producers of such beverage products supplied or offered to be supplied in Singapore.

7. Equality Diversity and Inclusion (EDI) - what legal obligations are placed on an employer to ensure equality, diversity and inclusion in the workplace?

The Tripartite Alliance for Fair and Progressive Employment Practices (TAFEP) was set up in 2006 by the Ministry of Manpower, National Trades Union Congress, and Singapore National Employers Federation to promote the adoption of fair, responsible and progressive employment practices. Although the TAFEP Guidelines are not legally binding presently, there is recourse available against errant employers who fail to comply with TAFEP recommendations. Note this is a developing space, with the government signalling its intention in 2021 to enshrine the current guidelines on anti-discrimination into law, followed by the release of

the Tripartite Committee's interim report on recommendations for workplace fairness legislation in February 2023. On 4 August 2023, the Singapore Government announced its acceptance of the Committee's final recommendations for the Workplace Fairness Legislation, which should be implemented this year (2024).

8. Workplace welfare - the law governing health and safety at work is addressed in the Health and Safety international guide, in respect of ESG are there any legal duties on employers to treat employees fairly and with respect?

The relationship between employer and employee in Singapore is regulated largely by the contract of employment between them. Parties are free to contract (within certain limits) as they choose subject to complying with the Employment Act. The Employment Act 1968 provides for the basic terms and working conditions for all types of employees as defined under the Act. These include basic employment rights, such as payment of wages, leave entitlements, and termination notice or pay.

The Workplace Safety and Health Act 2006 is the key legislation in Singapore addressing the safety, health and welfare of persons at work. The framework of the law aims to reduce risk at the source, instill greater ownership on industries over safety and health outcomes, and impose higher penalties for poor workplace safety.

9. Living wage - the law governing employment rights is addressed in the Employment and Labour international guide, in respect of ESG is there a legal requirement to pay a wage that is high enough to maintain a normal standard of living?

There is no legal prescription for minimum wages that employers need to adhere to for their employees in Singapore. However, the Progressive Wage Model (PWM) sets minimum wages for certain economic sectors. In addition to the PWM, the government also provides various forms of social support to low-income households, including rental and healthcare subsidies, education and training subsidies, and financial assistance schemes which offsets some cost-of-living expenses for low-wage workers.

10. Human rights in the supply chain - in relation to adverse impact on human rights or the environment in the supply chain: a. Are there any statutory duties to perform due diligence; b. Have there been any test cases brought against companies?

a. Are there any statutory duties to perform due diligence;

Whilst there is no explicit statutory duty to perform due diligence in relation to adverse impact on human rights or the environment in the supply chain, section 157 of the Companies Act imposes a duty on Directors to act honestly and use reasonable diligence in the discharge of duties of his or her office. This could include carrying out reasonable due diligence processes in relation to adverse impacts on human rights and/ or the environment in the supply chain.

b. Have there been any test cases brought against companies?

Not that we are aware of.

11. Responsibility for host communities, environment and indigenous populations - in relation to adverse impact on human rights or the environment in host communities: a. Are there any statutory duties to perform due diligence; b. Have there been any test cases brought against companies?

a. Are there any statutory duties to perform due diligence;

Answer: The Environmental Protection and Management Act (EPMA) 1999 imposes a statutory duty on companies to obtain environmental permits and comply with specific conditions to operate in a manner that minimizes environmental impact. Under the EMPA, it is up to the discretion of the Director- General of Environmental Protection, to mandate if companies should carry out an environmental impact assessment (EIA) for activities that may have a significant environmental impact. It should be noted however that otherwise, the EIA is neither mandatory nor is there a need for the results of the report to be made available publicly.

The Workplace Safety and Health Act (discussed above) also covers the safety, health and welfare of persons at work in a workplace.

b. Have there been any test cases brought against companies?

Answer: We are not aware of any case brought against companies for the failure to carry out due diligence in relation to adverse impact(s) on the environment in host communities. However, there are a number of cases in relation to adverse impacts on human rights resulting in punitive action taken against errant employers.

12. Have the Advertising authorities required any businesses to remove adverts for unsubstantiated sustainability claims?

Not that we are aware of.

13. Have the Competition and Markets authorities taken action, fined or prosecuted any businesses for unsubstantiated sustainability claims relating to products or services?

Not that we are aware of. However, there are cases of unsubstantiated health claims, one of the most recent ones being against Triple Lifestyle Marketing for making false and misleading claims around their alkaline water filtration systems.

14. Have there been any test cases brought against businesses for unsubstantiated enterprise wide sustainability commitments?

Not that we are aware of.

15. Is there a statutory duty on directors to oversee environmental and social impacts?

Section 157 of the Companies Act imposes a duty on Directors to act honestly and use reasonable diligence in the discharge of duties of his/her office. This would include overseeing environmental and social impacts of their business.

16. Have there been any test cases brought against directors for presenting misleading information on environmental and social impact?

Not that we are aware of.

17. Are financial institutions and large or listed corporates required to report against sustainable investment criteria?

The Singapore Exchange ("SGX") from 2023 imposed mandatory climate-related reporting for issuers in the financial, energy, and agriculture, food and forest products industries. As of January 2024, this obligation has been extended to listed companies to include the materials and buildings, and transportation sectors. Whilst it does not impose a sustainable investment criteria per se, the mandatory climate-related reporting does impose on the relevant institutions to report on material ESG factors, climate-related disclosures consistent with the Task Force on Climate-Related Financial Disclosure (TCFD) recommendations, policies, practices and performance, targets, sustainability reporting frameworks and board statements and associated governance for sustainability practices. Accordingly, a comprehensive reporting framework as mentioned encompasses and imposes sustainable investing reporting albeit not explicitly.

18. Is there a statutory responsibility on businesses to report on managing climate related financial risks?

The SGX sustainability reporting guidelines provide a comprehensive framework for climate-related disclosures and in turn help investors and other stakeholders better understand the risks and opportunities associated with climate change and how companies can manage climate related financial risks. While there is no specific statutory requirement for businesses in Singapore to report on managing climate-related financial risks as yet, the guidance and recommendations provided by the Monetary Authority of Singapore and SGX are aiming to put businesses on the path of managing climate related risks.

19. Is there a statutory responsibility on businesses to report on energy consumption?

The Energy Conservation Act (ECA) 2012 and the Energy Conservation (Energy Management Practices) Regulations 2013 states that a registered corporation shall submit an energy use report by 30th June of each year, which shall cover each business activity under the operational control of the registered corporation. The report shall be prepared and reviewed by the energy manager and endorsed by the chief executive of the registered corporation and shall be submitted by the energy manager. The energy use report shall contain

amongst others, in respect of each relevant business activity, specific energy consumption; reasons for increase or decrease in specific energy consumption compared to that reported in the previous year to the extent necessary for a reasonable understanding of the significant factors that affected the energy efficiency of the business activity; information on type, quantity and unit of measure of each fuel or energy commodity used as feedstock to produce products containing carbon; basic process diagrams showing the energy-consuming systems and the general process and energy flow etc. The full extent of the reporting requirements can be found in Section 8 of the Energy Conservation (Energy Management Practices) Regulations 2013.

20. Is there a statutory responsibility on businesses to report on EDI and / or gender

pay gaps?

There is no statutory responsibility on businesses in Singapore to report on EDI and/ or gender pay gaps. Promotion of EDI and gender equality are covered under TAFEP.

21. Is there a statutory responsibility to report on modern day slavery in the supply chain?

The Constitution of Singapore, Prevention of Human Trafficking Act 2014, Penal Code 1871, Children and Young Person Act 1993, Employment Act 1968 and the Foreign Employee Dormitories Act 2015 set out the groundwork in preventing modern day slavery, albeit not specifically in supply/value chains.

Contributors

Ipshita Chaturvedi
Partner

ipshita.chaturvedi@dentons.com



S Sivanesan
Senior Partner

sivanesan.s@dentons.com

