Sustainable Finance and Carbon Markets: summary

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Singapore turned sustainable finance into a strategic field of its financial centre through the Green Finance Action Plan of 2019 and the Finance for Net Zero Action Plan of 2023, using grants, reserve placements and institutional support in the manner of its earlier industrial policy in finance. The Singapore-Asia Taxonomy of December 2023 added an amber category for transition activities and criteria for the early retirement of coal plants, while mandatory climate reporting began for listed issuers in FY2025 and will reach large non-listed companies in FY2030. A carbon tax rising from S$5 to S$45 per tonne, with a target of S$50 to S$80 by 2030, created a domestic carbon price and a compliance demand for international credits governed by Article 6 agreements with a growing number of host countries. The FAST-P blended finance vehicles and the work on transition credits reflect the view that Asia's decarbonisation depends on financing the retirement of young coal plants, a field in which Singapore seeks to lead and in which verification remains the main difficulty. Greenwashing and transition-washing are addressed through the retail ESG fund guidelines, supervisory expectations and the general law on misstatement, so that the credibility of sustainability claims has become a matter of conduct and liability for every institution in the centre.

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