

SPEECH BY MS GRACE FU, MINISTER FOR SUSTAINABILITY AND THE ENVIRONMENT, AT THE SINGAPORE CHEMICAL INDUSTRY COUNCIL'S RESPONSIBLE CARE AWARDS 2021 PRESENTATION CEREMONY ON 6 APRIL 2022

Mr Henri Nejade, Chairman of the Singapore Chemical Industry Council (SCIC)

SCIC members

Distinguished guests

Ladies and gentlemen

Good morning. It is my pleasure to join you today for the Singapore Chemical Industry Council (SCIC)'s Responsible Care Awards 2021.

Chemical industry in Singapore and SCIC

2 Singapore is one of the world's leading chemical hubs, with over 100 global chemical firms locating their major operations here. In 2020, the Energy and Chemicals (E&C) sector, which employs over 27,000 people, contributed to about 3 per cent of our gross domestic product (GDP) and 20 per cent of our total manufacturing output. The industry's growth has led to the development and creation of jobs in supporting sectors such as construction and maintenance, logistics and warehousing, and engineering and processing.

3 The SCIC has been a valuable stakeholder for my Ministry and the National Environment Agency (NEA). You are a key touchpoint for us to engage the chemical industry on our policies, such as the Mandatory Packaging Reporting (MPR) scheme, and the Refuse Disposal Fees (RDF) for incinerable and non-incinerable waste. You also provided input on the control of new chemicals under the Multilateral Environmental Agreements. Together with the Singapore Civil Defence Force (SCDF) and the Ministry of Manpower (MOM), NEA collaborates with SCIC to organise the annual Joint Agencies Dialogue Session, where Government regulators and industry representatives come together to discuss cross-cutting issues and regulatory updates.

4 We are grateful to SCIC for your strong support and close partnership over the years. I look forward to continuing our partnership to achieve our shared environmental goals.

Responsible Care Initiative and SCIC Responsible Care Awards

5 The SCIC has been driving the Responsible Care initiative in Singapore since 1990. Under this initiative, SCIC promotes improvement in the health, safety and environmental performance of companies. The annual Responsible Care Awards recognises companies that have implemented the seven Responsible Care Codes of Management Practices. It reaffirms the chemical industry's commitment to strive towards excellence and environment protection. 2021 marked the twentieth year since the inception of the Awards. I commend the SCIC for your contributions to environmental safety and protection over the past two decades.

6 Today, ExxonMobil Chemical Asia Pacific, Petrochemical Corporation of Singapore, Shell Chemicals and The Polyolefin Company (Singapore) will be receiving the Responsible Care Leadership Awards for sustained commitment and excellence in all relevant codes. My heartiest congratulations to all award recipients!

Climate Change and Importance of Decarbonisation

7 After two decades, it is timely to review the scope of the Award framework. While health, safety and environmental standards remain relevant for the chemical industry, commitment to sustainability today cannot do without climate action. The case for decarbonisation and sustainable development is irrefutable. The Intergovernmental Panel on Climate Change (IPCC)'s Working Group III recently released a report which found that without immediate and deep emission reductions, limiting global warming to 1.5 degrees Celsius is beyond reach.

8 The impact of global warming goes beyond environmental indicators, affecting people's health, well-being and livelihoods. As a low-lying island nation, Singapore is especially vulnerable to the impact of climate change, like rising sea levels and extreme weather conditions. The last ten years – from 2012 to 2021 – was Singapore's warmest decade on record¹. In the recent years, we have experienced more frequent and intense rains which led to flash floods. On 27 February, we received 135 per cent of our average monthly rainfall in a single day!

9 It is clear that climate change and its impacts are already upon us. If we do not take immediate steps to reduce emissions now, our future generations will have to suffer the consequences of our inaction.

10 The Government recently announced that Singapore will accelerate our climate ambition to achieve net-zero emissions by or around mid-century. One key enabler to realise our increased climate ambition is an appropriate carbon price. The progressive increases in the carbon tax to \$25 per tonne in 2024 and \$45 per tonne in 2026 will provide a clear price signal across the economy, strengthening the impetus for businesses to internalise the cost of their emissions and move decisively to reduce their carbon footprint.

11 Around one-third of Singapore's carbon emissions are direct emissions from the refining and petrochemicals sector. It therefore holds an important role in decarbonising our economy. The Government will support businesses in this sector to be among the best-in-class globally in carbon efficiency, energy, and circularity. For example, as part of our plans to transform Jurong Island into a sustainable energy and chemicals park, we aim to ensure that the refineries and crackers in Singapore are in the top quartile of the world in terms of energy efficiency by 2030.

12 With close collaboration, we will be able to achieve the above goals. Collaboration between businesses is critical in areas such as new common pipelines, supply chain logistical operations, and more. For instance, Shell and NEA conducted a joint feasibility study that shows that pyrolysis – a form of chemical recycling – is technically feasible in Singapore. This technology can result in carbon savings from using waste plastic to produce pyrolysis oil as feedstock for chemical plants.

13 Collaboration is also needed across adjacent industries, which can reap synergies and cross-pollinate insights in sustainability. For example, in waste management; for closing the loop in a circular economy; and even for seemingly different customer groups, such as aviation and maritime, which are both searching for low-carbon solutions. It is thus timely for SCIC to consider creating another award category that recognises companies' efforts in climate action, such as resource efficiency, carbon efficiency and waste reduction.

¹ Meteorological Service Singapore (MSS)'s Annual Climate Assessment Report 2021

Helping Companies to Make the Green Transition

14 During my Ministry's Committee of Supply Debate last month, I announced that NEA will raise the Energy Efficiency Fund's grant support cap from 50 per cent to 70 per cent of the qualifying costs. Companies can also tap on the Resource Efficiency Grant for Energy (REG(E)) and the Investment Allowance for Emissions Reduction (IA(ER)) to support investments in emissions reduction initiatives. MTI and EDB will help our companies harness sustainability as a competitive advantage and as a *must-have* so that they remain relevant and retain their market share.

15 Promising developments in areas such as carbon markets will present opportunities for companies, especially those in hard-to-abate sectors, to play a greater role in combating climate change and compete more effectively in an increasingly carbon-constrained world. From 2024 onwards, companies will have the option to utilise quality international carbon credits to offset up to 5 per cent of their taxable emissions in lieu of paying carbon tax. This will further moderate the impact of the carbon tax increase on companies, while spurring local demand and catalysing the development of well-functioning carbon markets.

16 To unlock the possibilities for a low carbon future, we will continue to invest in science and technology. Earlier this year, I had announced that the Government has allocated \$220 million for R&D in resource circularity and water technologies, with \$80 million for the Closing the Resource Loop initiative to develop sustainable resource recovery solutions for key waste streams such as plastics and \$87 million to support water and membrane research under the Centre of Excellence Programme. The outcomes of these initiatives could help the chemical industry unlock new opportunities in the coming years, and we would need the private sector to help translate the successful R&D outputs into economic outcomes that benefit local companies and workers.

17 ExxonMobil, for example, was a founding industry partner of the Singapore Energy Centre (SgEC) consortium, pledging US\$10 million in research funding over five years towards the development of scalable decarbonisation technologies that aim to meet growing energy demand while curbing emissions.

Working Together towards a Low-Carbon Future

18 Let me conclude. While the transition towards a low-carbon future involves costs, we cannot afford to wait and hold back. If we do not act now, we may be forced to accept greater costs down the road when the reality of climate change hits us. Businesses face the risks of shrinking demand, stranded assets, and becoming obsolete in the green transition.

19 On the other hand, the faster we transit, the more ready we will be to reap the benefits of the global low-carbon economy. As leaders and changemakers in your respective companies, I urge you to move early to transform your business models and operations, and equip your workers with new, relevant skills. By doing so, the chemical industry will be able to retain its competitive edge and continue to thrive in the future.

Thank you.