SINGAPORE SIGNS IMPLEMENTATION AGREEMENT ON CARBON CREDITS COLLABORATION WITH VIETNAM

1. Singapore and Vietnam signed an Implementation Agreement on carbon credits collaboration under Article 6 of the Paris Agreement today. The Implementation Agreement was signed virtually by Singapore's Minister for Sustainability and the Environment and Minister-in-Charge of Trade Relations Grace Fu, and Vietnam's Acting Minister of Agriculture and Environment Tran Duc Thang.

2. This is Singapore's ninth Implementation Agreement on carbon credits collaboration, following agreements with Papua New Guinea, Ghana, Bhutan, Chile, Peru, Rwanda, Paraguay and Thailand.

3. The Implementation Agreement establishes a legally binding framework for the generation and transfer of carbon credits from carbon mitigation projects aligned with Article 6 of the Paris Agreement. Project developers can leverage this framework to develop high-quality carbon credit projects that are aligned with the Article 6 rulebook. Information on the process for authorisation of these carbon credits projects and eligible carbon crediting methodologies under the Implementation Agreement will be published in due course.

4. Singapore is committed to channelling the value equivalent to 5% share of proceeds from authorised carbon credits towards climate adaptation measures in Vietnam. Singapore is also committed to having 2% of the correspondingly adjusted carbon credits authorised under this Implementation Agreement cancelled at first issuance. The carbon credits that are cancelled cannot be sold, traded or counted towards any country's emission targets, and serves as a contribution towards a net reduction of global emissions. Cooperation under this Implementation Agreement will be guided by Vietnam's climate priorities and support Vietnam's mitigation efforts.

5. Minister Fu said, "Singapore and Vietnam are longstanding and like-minded partners. The signing of this Implementation Agreement marks an important new area of cooperation between our countries and creates new opportunities in our transition to a low-carbon economy. I am confident that this Agreement will catalyse the development of climate change mitigation activities that reduce emissions, foster more regional cooperation to address the pressing challenges of climate change, and open up additional pathways towards sustainable development."

6. Acting Minister of Agriculture and Environment Tran Duc Thang said "The Agreement signed today establishes a bilateral legal framework for Vietnamese organisations and enterprises to register greenhouse gas mitigation projects and generate carbon credits, which will be recognized and transferred to Singapore. This is a turning point that opens up new climate finance opportunities, encouraging investments in advanced technologies, emission reductions, clean energy transition, and sustainable smart agriculture, moving towards a circular economy. We also hope

that Singaporean enterprises will actively cooperate and invest in projects in Vietnam to generate high-quality carbon credits that meet international standards."

7. This collaboration will advance both countries' climate ambitions by directing financing towards unlocking additional mitigation potential in Vietnam. The carbon mitigation projects authorised under this Implementation Agreement will promote sustainable development and deliver tangible benefits to local communities, such as creation of jobs, improved access to clean water, enhanced energy security, and reduction of environmental pollution.

Annex A: Photo of signing
Annex B: Implementation Agreement Factsheet

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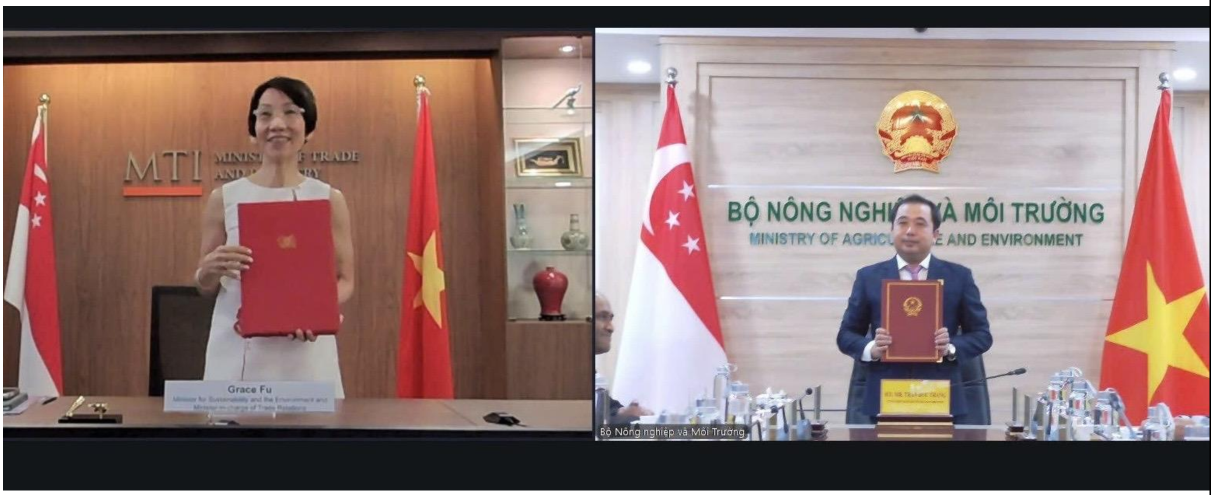
For media enquiries, please contact:
Naadiah Badib
Assistant Director, Communications and Engagement Division
E-mail: Naadiah_Badib@mti.gov.sg

Annex A

<u>Photo of signing</u>



<u>Caption:</u> Singapore Minister for Sustainability and the Environment and Minister-in-charge of Trade Relations Grace Fu and Vietnam's Acting Minister of Agriculture and Environment Tran Duc Thang, sign an Implementation Agreement to collaborate on carbon credits under Article 6 of the Paris Agreement.

Annex B

Implementation Agreement Factsheet

- The Implementation Agreement between Singapore and Vietnam sets out a legally binding bilateral framework for the international transfer of correspondingly adjusted[1] high-integrity carbon credits aligned to Article 6 of the Paris Agreement. Both countries will set out the process to seek authorisation for carbon credit projects and corresponding adjustments for implemented mitigation outcomes. Information will be made available on https://go.gov.sg/article6 in due course.

- Correspondingly adjusted carbon credits authorised under this Implementation Agreement may be used for various purposes, such as:

    - To offset up to 5% of a company's taxable emissions under Singapore's International Carbon Credits (ICC) framework from 1 Jan 2024, subject to eligibility.

    - To comply with binding mandates such as Nationally Determined Contributions (NDCs) and other international mitigation purposes, e.g., the requirements under the Carbon Offsetting and Reduction Scheme for International Aviation (CORSIA).

- Singapore is committed to channelling the value equivalent to 5% share of proceeds from authorised carbon credits towards climate adaptation measures in Vietnam.

- As a contribution towards a net reduction of global emissions, Singapore is committed to having 2% of the correspondingly adjusted carbon credits authorised under this Implementation Agreement cancelled at first issuance. These carbon credits that are cancelled cannot be sold, traded, or counted towards any country's emission targets.

[1] Corresponding adjustment prevents the double counting of emissions reductions or removals in both buyer and host country's national greenhouse gas inventories. For example, when Country X (buyer) receives five tonnes of carbon dioxide equivalent (tCO^{2}e) of carbon credits from Country Y (host country), Country Y (host country) has to add five tCO^{2}e to its greenhouse gas inventory while Country X (buyer) will reduce five tCO^{2}e from its greenhouse gas inventory.

100 High Street, #09-01, The Treasury, Singapore 179434
www.mti.gov.sg
MTI Singapore