Are Forestry and Agricultural Supply Chains Ready for the Transboundary Haze Pollution (Amendment) Bill?

The Transboundary Haze Pollution (Amendment) Bill (the "Bill") was passed on 4 November 2026 to strengthen the Transboundary Haze Pollution Act 2014 (the "THPA") but has not yet come into force. Three new measures could affect businesses connected, directly or through supply chains, to overseas land or forest fires that cause or risk causing haze pollution in Singapore (the "relevant fires") – mandatory assessors, designated persons and persons on notice. They may affect "business arrangements" with entities linked to the relevant fires, including the direct and indirect purchases and sales or use of goods or services from these entities, and financing and other financial support, and dealings in property or assets of these entities.

Businesses in forestry and agricultural supply chains, including palm oil, pulp and paper, and timber, as well as developers of forestry- or agriculture-based carbon credit projects and buyers of credits from such projects, should assess their exposure. This is particularly important if they operate or have commercial relationships in Singapore, and direct or indirect dealings with landowners or occupiers of overseas land involved in forestry or agricultural activities, their related entities, or businesses involved in the forestry or farming activities of such landowners or occupiers.

Banks, insurers, asset managers, logistics providers, landlords, property managers, and professional advisers financing or providing financial services, or dealing with the property or assets of exposed businesses may also be affected by the measures if they are not "regulated entities", i.e., entities to be prescribed under the legislation that are regulated or exempted from regulation by law. The Minister for Sustainability and the Environment explained during the Second Reading of the Bill that the conduct by regulated entities of their business arrangements would instead be supervised by their regulators, citing financial institutions regulated by the Monetary Authority of Singapore ("MAS") as an example. In this regard, MAS had issued a statement on banks' management of haze-related environmental risks on 28 October 2026, setting out its expectation that in identifying, assessing, managing and monitoring material environmental risks arising from their activities and exposures, including risks associated with pollution and deforestation, banks should also take into consideration relevant information released by the National Environment Agency ("NEA") under the THPA.

1. Assessors

The Minister explained why the Bill provides for the mandatory appointment of independent assessors:

"Our investigations may delve into complex corporate structures, supply chains, and business arrangements. The entities involved may have multiple layers of ownership and control. Establishing who is responsible and how different parties are connected to the burning can be difficult.

To address this, we propose to empower the Director-General of Environmental Protection (DG) to require entities with suspected links to haze pollution in Singapore to appoint expert private sector assessors."

The Director-General of Environmental Protection ("DG") may direct certain entities to appoint, and pay for, one or more assessors from an approved panel to examine the appointing entity's involvement in overseas land or forest fires and any other matters specified by the DG. Appointed assessors may inspect land owned or occupied

by the appointing entity, require documents and information from the entity, and give directions to the entity necessary for completing their assessment.

The direction may be given to an entity if it has been convicted of a THPA offence or is known or suspected to have committed one; or to entities who have not complied or are known or suspected to be likely not to comply with preventive measures notices or information-gathering requirements under the THPA.

Entities (other than regulated entities) may similarly be directed if they are known or suspected to have business arrangements with the entities that have committed THPA offences or failed to comply with the THPA notices or requirements. Directions can also be given further down a product supply chain, including to entities that directly or indirectly source or use products produced or sold by offending or noncompliant entities.

Entities known or suspected to have control over or the management of, and entities related to, any of the above entities, may also be directed to appoint assessors.

2. Designated Persons

The Minister for Sustainability and the Environment may designate an entity or individual as a "designated person". Grounds for designation include a THPA conviction, knowledge or reasonable suspicion of commission of a THPA offence, noncompliance or known or suspected likely noncompliance with specified notices, and failures involving an assessor appointment or assessment under the THPA.

Designation may also extend to entities (other than regulated entities) known or suspected to be in business arrangements with a person (i.e., an entity or individual) that has met the above grounds for designation, or business arrangements with persons further down the product supply chain directly or indirectly purchasing or using products produced or sold by an entity or individual that has met the above grounds for designation.

Persons known or suspected to have control over or management of any of the above entities; and entities related to any of the above entities may also be designated.

Once a person is designated, the Minister may issue an order published in the Government Gazette imposing restrictions. These may include:

a) prohibiting the supply of goods or services to the designated person, or purchases from that person;

b) prohibiting financing, financial assistance or financial services for that person;

c) prohibiting dealings in that person's property; or

d) requiring the designated person to stop, or not enter into, a specified business arrangement, and the counterparty of the business arrangement to do the same.

The Minister explained that designation is intended to impose economic consequences on those responsible for, or linked to, irresponsible burning and to prevent dealings through complex business structures.

3. Persons on Notice

The Minister may specify an entity as a "person on notice" where the Minister considers this necessary or expedient to prevent, reduce or control the risk of haze pollution in Singapore.

Entities subject to specification include those that are prescribed or are in prescribed industries (no prescription has been made so far); entities controlling, managing or related to them; entities in business arrangements with

them; entities (subject to the regulated-entity exclusion) in business arrangements with them; and entities whose conduct constitutes a THPA offence.

A person on notice is subject to statutory restrictions on entering into or continuing business arrangements with persons whose conduct constitutes a THPA offence, and on directly or indirectly purchasing or using specified goods produced or sold by such persons.

The specification is designed to change how businesses manage their suppliers and other business arrangements. As the Minister explained,

"entities put on notice will be required to take appropriate steps to ensure that their supply chains and business arrangements do not involve entities that cause or contribute to such fires …

These obligations are intended to strengthen due diligence and responsible business conduct across the supply chain. Companies will be expected to take reasonable steps to identify and address the risks within their business arrangements. The objective is not to impose an impossible guarantee that no risk will ever arise, but to ensure that companies do not turn a blind eye to irresponsible forestry and agriculture practices."

Next Steps

Businesses sourcing forestry or agricultural products from fire-prone areas outside Singapore should treat haze pollution in Singapore as a potentially material financial risk, with proper governance and risk management, including risk-based due diligence and ongoing monitoring. Financial institutions should likewise consider the environmental risks associated with providing financing and financial services to entities known or suspected to be committing THPA offences or not complying with THPA notices and directions, in accordance with relevant supervisory guidance. Responsibility should be assigned across legal, compliance, procurement and business teams, with clear standards, cooperation, audit, remediation, escalation, suspension and exit procedures. Decisions and supporting evidence should be documented.

For higher-risk counterparties, due diligence may cover seeking out credible information on concession boundaries, land use and operations, fire vulnerability, fire-prevention and fire-fighting policies and measures, hotspot data, traceability of products, ownership and control structures, past enforcement action and established grievance and whistle-blowing mechanisms. Contracts should be reviewed for compliance assurances, notification and information duties, audit rights, corrective-action requirements, and proportionate suspension or termination provisions. Where appropriate, relevant obligations should flow down to subcontractors.

The Bill makes effective governance of haze-related risk all the more important, by adding an extra layer of regulatory risk.

Businesses at risk of being directed to appoint assessors, designated as designated persons, or specified as persons on notice, as well as businesses in business arrangements with persons at risk of designation, should additionally set up processes to monitor official THPA notices, directions, designations, and specifications; Gazette orders; lists published by the Minister or the NEA of entities convicted of THPA offences, noncompliant entities, entities directed to appoint assessors, designated persons, or persons on notice, and entities that have been directed to appoint assessors but have not received satisfactory assessment reports; and other enforcement action.

They should prepare for a possible assessor appointment or specification as a person on notice, or regulatory inquiry by maintaining accessible contracts, transaction records, supply-chain maps and due-diligence documentation; and establish processes for responding to statutory requests or invitation to make representations, including who to respond to such requests or invitations, how these responses are to be managed, and how to handle confidential, privileged, or potentially self-incriminating documents, or information; and reporting procedures, and who has authority to escalate urgent issues.

Contingency plans should be made for transactions that may have to be suspended or ended with affected suppliers, project developers, borrowers and customers. Contractual provisions for payment, delivery, and finance commitments, should be reviewed alongside force majeure clauses, and where appropriate lawful alternatives may need to be developed; statutory directions, designations, or specifications may not automatically override or discharge such commitments.

This Client Update was authored by our Head of ESG, Dr Joseph Chun.

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