ESG
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ESG Country Updates

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Singapore

- In view of upcoming regulations that mandate climate-related disclosures for some Singapore-incorporated companies, a new sustainability reporting grant and programme was announced by EDB and EnterpriseSG. For large companies, the grant defrays up to 30% of qualifying costs, capped at the lower of S$150,000 per company or 30% of the qualifying costs in the preparation of their first sustainability report. For SMEs, a programme will be launched late this year to help them develop their first sustainability reports. EnterpriseSG will defray 70% of eligible costs for SMEs participating in the first year of the programme, and 50% of costs for the next two years.

- Vopak signed an agreement with Air Liquide to develop and operate infrastructure for ammonia import, cracking and hydrogen distribution in Singapore. The companies will explore developing low-carbon ammonia supply chains, including ammonia cracking facilities, storage and handling infrastructure at Vopak's Banyan terminal, as well as distributing low-carbon hydrogen through a hydrogen pipeline network. Ammonia is one of the alternative fuels that shippers and power companies are exploring to reduce their greenhouse gas emissions.

- Singapore and Australia have signed an MoU to establish the Singapore-Australia Green and Digital Shipping Corridor (GDSC). Both countries will work with interested partners to develop zero or near-zero greenhouse gas emission fuel supply chains for the maritime industry. This includes building infrastructure, developing new technologies and implementing capability development programmes.

China

- China has set more stringent energy intensity targets for 2024 and aims to cut energy intensity by 2.5% in 2024, higher than 2023's missed 2% goal. The National Development and Reform Commission reported that the goal was missed due to high energy consumption from industries and households. To achieve the targets, China would need to cut energy intensity by 6% and carbon intensity by 7% in both 2024 and 2025.

Malaysia

- Malaysia's biodiesel production could rise to 1.8 million metric tonnes in 2024 if the government expands its B20 programme to more areas in the country. The B20 programme mandates diesel for transportation to be blended with 20% palm-based biodiesel, with most areas currently implementing the 10% blending as part of the B10 programme.

- Sweden is keen to further collaborate with Malaysia on sustainable practices and increased trade within the energy transition area. There are already existing developments in the sustainability space, such as the 'Pioneer the Possible' initiative launched in 2023 to boost green transition in Malaysia through collaboration between Swedish companies such as Volvo Trucks and Atlas Copco. A new production facility for electrically-powered mining vehicles is also being constructed by Swedish company, Sandvik, in Sendayan TechValley business park.

Indonesia

- Sembcorp Industries has announced that PT Sembcorp Renewables Energy formed a joint venture with PT PLN Nusantara Renewables to build and develop a utility-scale integrated solar and energy storage project in Indonesia. The project will comprise a battery energy storage system with 50 MW of solar and 14 MWh of battery energy storage capacity in Nusantara. The deal follows a joint development study agreement that Sembcorp signed with PLN (Persero) in Oct 2023 on the export of green hydrogen from Indonesia to Singapore.

Rest of the world

- EU countries are divided on nuclear energy policy, with some countries like France promoting the technology and other countries led by Austria and Germany that are pushing to prioritise renewable energy sources instead. This has been disruptive to EU policymaking as countries could not reach a consensus on whether they should promote nuclear energy to achieve their emissions targets.

- IFC is making a new $64 million investment through a green loan facility to develop more renewable energy projects in Thailand, Indonesia, and Vietnam, aiming to address the region's growing energy demand. The funding will finance the development and construction of renewable energy projects in the region (e.g. solar farms, solar rooftops, biomass). This can better support developing countries in accelerating their green transition and move away from coal.

- Britain's finance ministry said that it will introduce regulation for providers of ESG ratings on companies to improve the clarity and credibility of benchmarks widely used to steer investments. A full consultation response and legislative steps can be expected later in 2024.

- Japan's government has approved a draft amendment to existing legislation to allow for the installation of offshore wind power in exclusive economic zones (EEZ). The new legislation would allow wind farms to be installed further out at sea from current territorial and internal waters, a step closer to achieving the country's goal of carbon neutrality by 2050.

- The US Department of Energy is granting US$750 million to projects across 24 states that are building capacity to produce and use clean hydrogen. The projects are working on six aspects of the hydrogen industry, including research and development on production of electrolyzers, securing supply chains for the machines, and recycling critical materials used in hydrogen production e.g. iridium.

- Azerbaijan, the host of COP29, plans to upgrade its emissions reduction target ahead of the event. Azerbaijan's economy is heavily reliant on oil and gas, and its existing target to cut greenhouse gas emissions by 35% by 2030 and 40% by 2050 versus 1990 levels falls short of what is required to prevent catastrophic climate impacts. The decision to hold the annual climate talks in another oil-producing country like Azerbaijan has also faced criticism, similar to COP28 that was held in Dubai.

Special Coverage: Updated Guidelines from Net-Zero Banking Alliance (NZBA) for Banks

- The NZBA, a UN-backed banking climate coalition with 143 members, released updated guidance for members on data disclosures as part of efforts to accelerate the implementation of decarbonisation strategies. OCBC became a signatory to the NZBA in Oct 2022 and has committed to:

    - Transition the operational and attributable GHG emissions from its lending and investment portfolios to align with pathways to net-zero by 2050 or sooner;

    - Within 18 months of joining, set 2030 targets (or sooner) and a 2050 target, with intermediary targets to be set every 5 years from 2030 onwards;

    - Annually publish absolute emissions and emissions intensity in line with best practice and, within a year of setting targets, disclose progress against a board-level reviewed transition strategy setting out proposed actions and climate-related sectoral policies; and

    - Take a robust approach to the role of offsets in transition plans.

- The guidelines require members to report capital markets emissions, and disclose the coverage of each of their emission reduction targets as a percentage of their exposure. The guidelines also require data disclosure on transition planning and banks are expected to update their initial disclosure at least within 5 years of publication to reflect progress against their transition plans. Banks are also expected to regularly review targets to ensure consistency with current climate science. However, some criticize the guidelines for providing banks with too much leeway and not being strict enough.

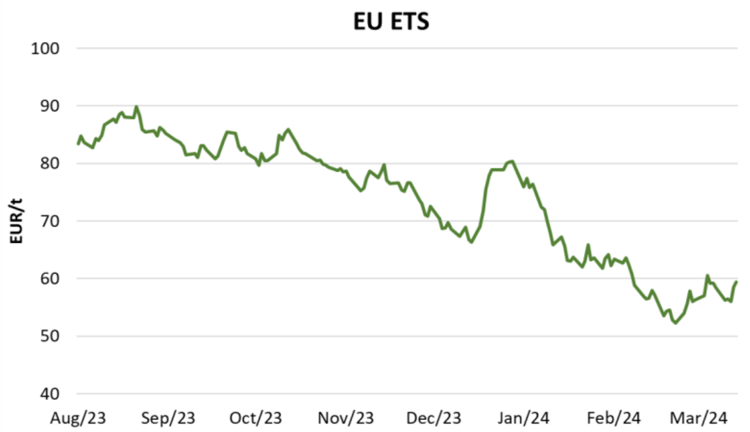
- OCBC is already reporting facilitated emissions on capital market activities as part of scope 3 emissions. Transition planning disclosure is a work in progress as the MAS issued a set of proposed guidelines on transition planning for consultation in Oct 2023.

Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	59.39	1.7%	59.39	56.04
China (CNY/ton)	80.00	-4.0%	85.95	80.00

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.40	0.0%	0.42	0.38
CORSIA	0.70	40.0%	0.70	0.50

<table>
<tr><th>Market</th><th>Description</th><th>Trend</th></tr>
<tr><td>EU ETS</td><td>The EU ETS price saw a weekly gain of 1.7% last week. The rise in natural gas prices has been the main driver for strong gains for carbon, with strong correlation between TTF and carbon in past sessions.</td><td>
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<tr><td>China ETS</td><td>The China ETS price reached an all-time high of 85.95 CNY/ton last week. China's State Council announced a new legislation in Feb under which companies that missed the 31 Dec deadline to meet emissions obligations will face higher fines. This drove companies to purchase CEAs in a short period of time, resulting in the current high price levels.</td><td>
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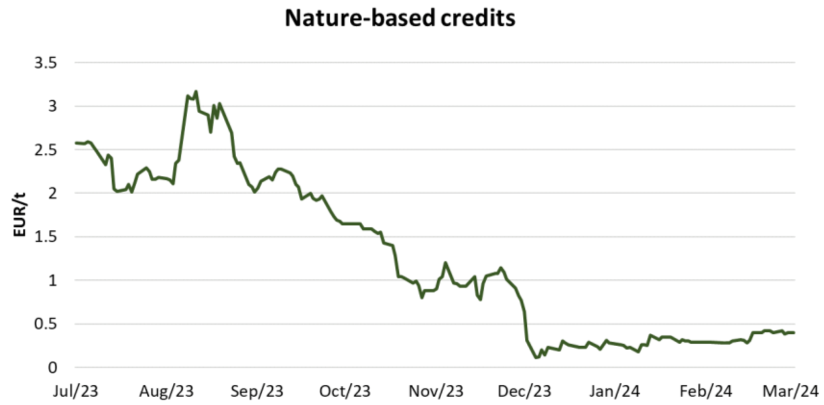
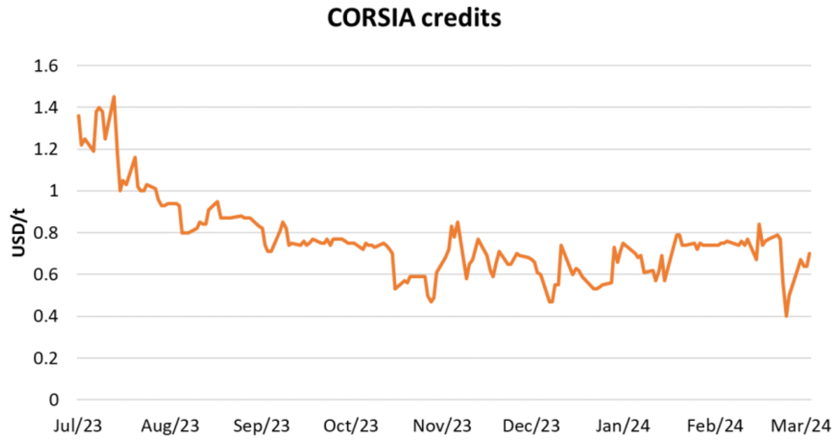
</table>

Market	Description	Trend
Voluntary Carbon Markets (VCM)	The VCM was stable across all sectors last week, with consistent bearish prices in an oversupplied market. CORSIA phase 1 credit developers are facing uncertainties regarding Corresponding Adjustments and Letters of Authorisation. There is no consistent template for the Letters of Authorisations, which can lead to inconsistencies between developers' commitments and deliveries.	 

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect

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