

ESG

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ESG Country Updates

Singapore

- The International Energy Agency (IEA) will open its first regional office in Singapore, to work with countries in Southeast Asia and beyond to enhance energy security, accelerate clean energy transitions, increase cross-border power trade and improve access to finance for clean energy investments. It is set to begin operations in 2H 2024 to provide policy guidance, technical assistance and training.
- Singapore's largest single-site rooftop solar panel system will be built at Changi Airport and completed in early 2025, with a combined generation capacity of 43 MWp. The system will be built on the rooftop areas of the airport's terminal buildings, auxiliary structures, airfield and cargo buildings. Keppel has been appointed to design, build, own and operate the solar panel system for 25 years. With the system, Changi Airport Group will reduce its carbon emissions by about 20,000 tonnes annually, which is about 10% of its consumption in 2019.
- More SMEs in Singapore are taking up sustainability-linked loans as they ramp up on the implementation of green initiatives. OCBC's uptake of sustainability-linked loans jumped from 1 SME in 2022 to 24 SMEs in 2023. According to DBS, there has also been an increase in interest from SMEs in green, sustainable and transition loans. This is fuelled by pressures from international and national climate change commitments, as well as stakeholders and customers.
- Singapore-based company Nandina REM use recycled carbon fibre material from retired aircrafts for use in new aircrafts, with a platform to trace the source, delivery, location and uses of its recycled materials. Nandina REM will use the material for non-critical aircraft components and electric vehicles, and will be present at the Singapore Airshow 2024 from 20 Feb to 25 Feb.

China

- Beijing is pushing for greater use of biotechnology and mechanisation in its food security measures, to boost the development of high-yielding crop varieties to raise production despite the impacts of climate-related disasters. China's State Council will be improving the subsidy policy for the purchase and use of agricultural machinery, and supporting the development of high-oil, high-yield varieties.
- China issued new regulations to improve the regulation of carbon trading and crack down on emissions data fraud. The rules will be effective from 1 May and is designed to provide a more robust legal framework for the China ETS, through the establishment of a new supervision system and data quality control

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plans. There will also be harsher penalties for market malpractice, which can improve market confidence and liquidity because of higher data integrity.

Malaysia

- Malaysia's Ministry of Investment, Trade and Industry estimated that RM250 billion to RM280 billion is needed to realise energy transition efforts between the years 2023 to 2029. A green investment strategy and implementation steering committee has been set up to support Malaysia's goal to achieve net-zero emissions by 2050. The committee will create a legal framework concerning the governance of carbon capture, utilisation and storage (CCUS).

Indonesia

- Ahead of Indonesia's elections, environmentalists are urging Indonesia's presidential candidates to commit to strong and detailed policies to combat climate change amidst fears that climate pledges may be watered down. Youth-led climate activism is thriving in Indonesia, with greater public awareness of the effects of the climate crisis.
- Singapore signed a letter of intent with Indonesia on cross-border collaboration on carbon capture and storage following Indonesia's new law to allow it. Singapore and Indonesia will form a working group to seek a legally binding bilateral agreement on the cross-border transport and storage of carbon between both countries. This collaboration can catalyse the deployment of cross-border carbon capture and storage projects in Indonesia.

Rest of the world

- Australia revealed plans to set mandatory fuel efficiency standards for new vehicles to be introduced by 2025, with the aim of increasing the efficiency of petrol vehicles and catalyse more sales of electric vehicles. Australia currently has no mandatory fuel efficiency standards for new vehicles, which meant that vehicles were 30% more polluting than vehicles in the US.
- Germany's government has approved plans to subsidise gas power plants that can switch to hydrogen, with US\$17 billion in subsidies as part of efforts to supplement intermittent renewable energy and speed up the transition to low carbon generation. Hydrogen transition plans should be drawn up by 2032 to enable the plants to be fully switched to hydrogen between 2035 and 2040.
- Concerns surrounding Electric Vehicles (EVs) such as safety, price and a lack of charging infrastructure weigh on EV demand in South Korea. Higher interest rates and inflation are also dampening demand as consumers rein in spending and await announcements on government subsidies for EVs.
- Wind power production outpaced gas plants in Europe for the first time in 2023 as fossil fuel power generation decreased by a record 19% year-on-year in 2023. Europe is increasing its renewable electricity generation as part of efforts to wean off Russian fuels and meet its climate goal of net zero emissions by 2050.

- The value of traded global markets for CO2 permits reached a record 881 billion euros in 2023, marking a 2% increase on the previous year. The EU ETS was worth around 770 billion euros last year, up 2% from the previous year and representing 87% of the global total. However, 2024 started with a bearish trend continuing from end-2023 and economic growth is expected to remain sluggish in the near term across Europe, which can lead to reduced demand from industrial sectors covered by the EU ETS. The EU aims to increase diplomatic efforts to help countries outside of the EU launch carbon markets to foster international trade of CO2 emissions.
- The COP28 summit host and the hosts of the next two UN climate summits at Azerbaijan and Brazil will be teaming up to push for more ambitious emissions-reduction goals and keep the 1.5 °C goal within reach. The main task at COP29 in Azerbaijan is to agree on a new global target for climate finance for developing countries that reflects the scale and urgency of the climate crisis.
- The US is set to ease proposed yearly requirements through 2030 of its plan to cut tailpipe emissions and ramp up electric vehicle sales. This is because there was pushback from automakers and United Auto Workers saying that EV technology is too costly for many mainstream US consumers, with more time required to develop charging infrastructure.

Special Coverage: Budget 2024 – Sustainability remains key for Singapore

Several measures were announced at Budget 2024 to enable Singapore's green transition, elaborated below:

Safeguarding energy security

- Establish the **Future Energy Fund** with an initial injection of S\$5 bn to support Singapore's transition to cleaner energy:
 - Develop critical energy transition infrastructure to enhance Singapore's energy security e.g. subsea cables that are important for importing low-carbon electricity from neighbouring countries e.g. Cambodia, Indonesia and Vietnam. This can enable Singapore to reach the target of importing up to 4 GW of low-carbon electricity by 2035, making up around 30% of Singapore's electricity supply then.
 - New infrastructure would also be required to support other types of clean energy that may become viable in the future, such as hydrogen, geothermal and nuclear energy that are still in their exploratory stages.

Strengthening competitive advantage

- S\$2 bn top-up to the **Financial Sector Development Fund** under the MAS:
 - This is a move that will go towards establishing Singapore as a global hub for green and transition finance, by enabling the acceleration of

green and transition financing and catalyse private-public partnerships.

- New **Refundable Investment Credit (RIC)** to attract high-quality investments and support the green transition. This can further further strengthen Singapore's competitiveness and establish itself as a global sustainability hub, as well as attract investments in Singapore's green economy.
- Injection of another S\$3 billion into the Research, Innovation and Enterprise 2025 plan to support research and related investments in sustainability.

Supporting enterprises in sustainability

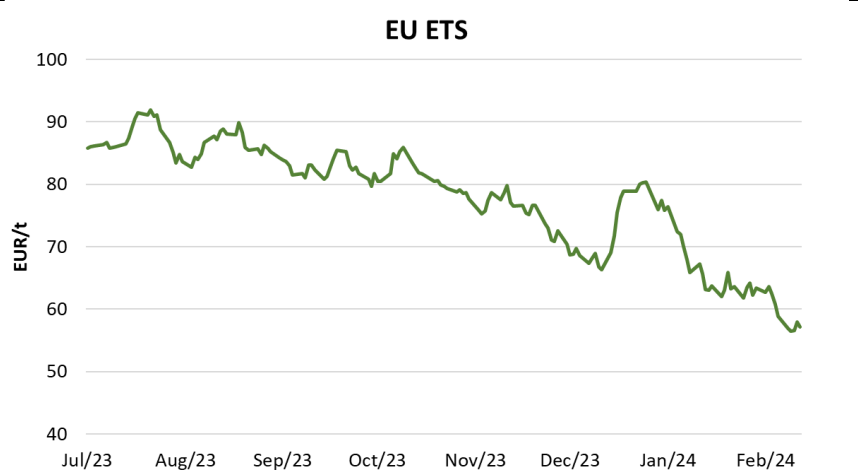

- Extend the enhanced support for green loans under the **Enterprise Financing Scheme – Green** to help more SMEs adopt green solutions.
- Expand the **Energy Efficiency Grant** (originally for F&B, retail and food manufacturing) to more sectors including manufacturing, construction, maritime, and data centres and their users. EEG will be enhanced to provide two tiers of support – a base tier and an advanced tier (for companies that want to make larger investments to improve energy efficiency). This will help more companies in varied sectors cope with rising energy and operational costs, while contributing to a more resilient and sustainable business landscape in Singapore.

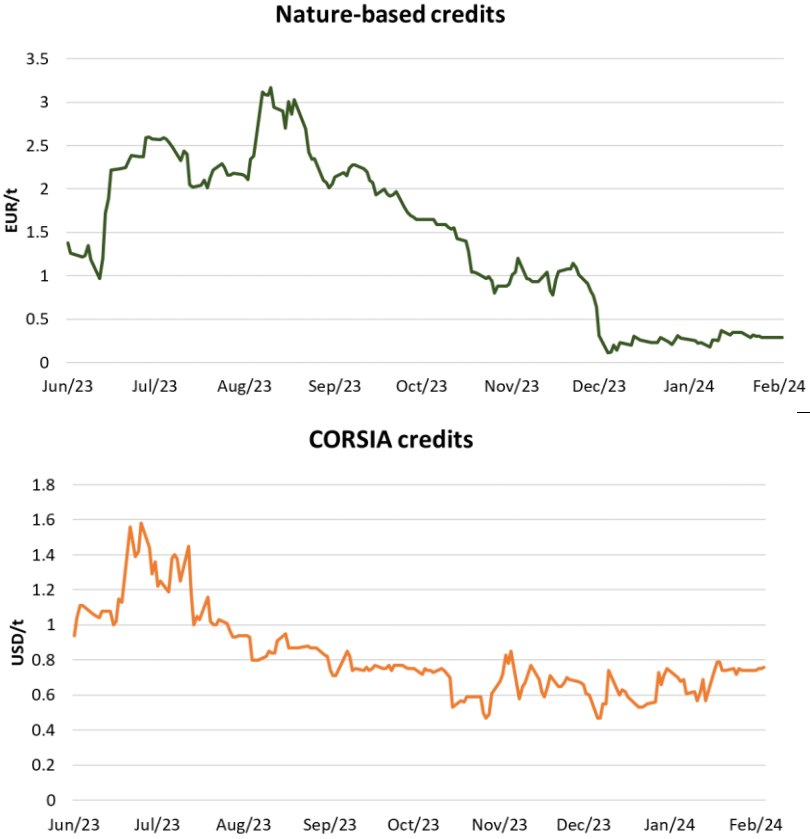
Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	57.17	-2.8%	58.79	56.43
China (CNY/ton)	74.67	3.3%	74.86	72.27

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.29	-	0.29	0.29
CORSIA	0.76	2.7%	0.76	0.74

Market	Description	Trend
EU ETS	The EU ETS price saw a weekly decline of 2.8% last week, with the weather forecast sending a slightly bearish signal to carbon prices due to warmer temperatures and strong wind output in Central Europe reducing fossil generation and EUA demand.	
China ETS	No change for the past week due to the Lunar New Year holidays.	

Market	Description	Trend
Voluntary Carbon Markets (VCM)	<p>The VCM continued to see a lack of trading activity and low demand. Buyers are adopting a wait-and-see approach, and are awaiting clarity from the Core Carbon Principles launched by the Integrity Council for the Voluntary Carbon Market. The renewable energy segment remained bearish with low-priced offers, with lackluster REDD+ activity. The Katingan project is the only project trading in the REDD+ segment currently.</p>	 <p>Nature-based credits</p> <p>CORSIA credits</p>

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect, Verra

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