

ESG Country Updates

Ong Shu Yi

ESG Analyst

+65 6530 7348

ShuyiOng1@ocbc.com

Singapore

- Singapore Airlines, alongside other airlines that form the Association of Asia-Pacific Airlines (AAPA), pledged to strive towards a collective target of 5% sustainable aviation fuel (SAF) use by 2050. Singapore Airlines and Scoot have also announced their own target of replacing of 5% of their total fuel requirements with SAF by 2030. This is lower than Cathay Pacific's target for sustainable jet fuel to make up 10% of its fuel consumption by 2030. However, the supply of SAF is currently less than 1% of prevailing demand.
- The MAS launched 'Gprnt' that offers a digital reporting solution for businesses to report their ESG information. It is currently undergoing live testing with selected banks and SMEs, to be progressively rolled out from 1Q 2024 onwards. It aims to help companies automate their ESG reporting processes and allow end users such as banks and regulators to access relevant data to support their sustainability-related decision making. The platform will be driven by a newly created entity called Greenprint Technologies, supported by the MAS, HSBC, KPMG, MUFG Bank and Microsoft.

China

- The Centre for Research on Energy and Clean Air estimates that China's carbon dioxide emissions may fall in 2024 because of a surge in clean power generation. Installations of solar, wind, nuclear and hydro capacity may be sufficient to cover new power demand in China. As a result, the country may be less reliant on coal and reduce emissions. Whether the decline can be sustained would depend on China's ability to maintain high levels of clean energy deployment and bolster the country's energy security.
- Ahead of COP28, China and the US agreed to resume a working group on climate cooperation and pledged a major ramp up of renewable energy, including wind, solar and battery storage to support the decarbonisation of both countries' power sectors.

Malaysia

- Tenaga Nasional Bhd (TNB) has signed agreements with Huawei Malaysia and RHB Banking Group to accelerate its energy transition by leveraging digital transformation and new opportunities in green energy solutions. This can allow TNB to modernise its telecommunications infrastructure to prioritise sustainability and energy efficiency.

Indonesia

- Indonesia's state utility Perusahaan Listrik Negara (PLN) plans to build an additional 31.6 gigawatts of renewable power capacity between 2024 and 2033, aimed at accelerating the adoption of cleaner energy to reach

net-zero before 2060. It will also build transmissions to connect hydropower and other renewable energy sources to Java where power demand is high and Sulawesi where consumption is expected to increase in the future. There is also interest to implement carbon capture and storage technologies when they become available.

Rest of the world

- The EU aims to make a substantial financial contribution to the loss and damage fund to be launched at COP28, but has not specified the size of its planned contribution. No country has made a specific financial pledge to the fund, although some have indicated interest. The UAE is facing pressure from European states to contribute to the fund, as one of the high per-capita income countries.
- French-Dutch airline AirFrance-KLM made a US\$4.7 million investment in DG Fuels' Sustainable Aviation Fuel (SAF) production plant in the US state of Louisiana, as part of efforts towards its 10% SAF incorporation target for 2030. Air France-KLM also acquired an option to purchase up to 25 million gallons/75,000 tons of SAF annually over a multi-year period starting in 2029.
- The US transition to electric cars may face delays because of concerns about vehicle range and limited charging infrastructure. Some automakers have pushed back EV sales targets and delayed capital projects as they prioritise reducing inventories of unsold EVs at dealerships.

Special Coverage: Enhancing CCS/CCUS capabilities in Indonesia

- PT Pertamina is cooperating with Chevron on carbon capture storage (CCS) and carbon capture utilisation and storage (CCUS) technologies, as part of efforts to develop its low carbon business and Indonesia into a CCS hub. Pertamina has collaborated with Chevron in the development of the CCS Hub project in East Kalimantan, integrating emission-producing areas in the Balikpapan and Bontang Industrial Clusters.
- ExxonMobil plans to invest up to US\$15 billion in a petrochemical project and CCS facilities in Indonesia. Pertamina and ExxonMobil agreed to evaluate US\$2 billion in investments in CCS facilities using two underground basins in the Java Sea. The CCS facility has the potential to store at least 3 gigatonnes of CO₂ emitted by Indonesia and the region.
- Indonesia is finalising a regulation to open up CCS schemes to more industries and allow greenhouse gases from abroad to be stored in the country, as the existing regulatory framework applies to the oil and gas sector only.

- These developments can boost Indonesia's green economy, develop low-carbon capabilities and advance Indonesia's decarbonisation efforts. The country aims to set itself up as a carbon storage hub by utilising its depleted hydrocarbon reservoirs and saline aquifers.

OCBC Weekly ESG Report



21 November 2023



Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	76.55	-2.7%	79.74	76.55
China (CNY/ton)	72.47	1.9%	72.47	71.14

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	1.20	36.4%	1.20	0.88
CORSIA	0.85	39.3%	0.85	0.61

Market	Description	Trend
EU ETS	The EU ETS prices saw a 2.7% weekly decline, with the weather forecast sending a bearish signal to carbon prices. Stronger wind and solar output in central Europe is reducing fossil fuel generation and demand for EUAs.	 <p>EU ETS</p> <p>EUR/t</p> <p>Apr/23 May/23 Jun/23 Jul/23 Aug/23 Sep/23 Oct/23 Nov/23</p>
China ETS	The China ETS saw high trading activity ahead of the primary compliance deadline, with prices around the 71 CNY/ton – 72 CNY/ton range last week. The domestic offset market saw new policies to support the relaunch of the programme.	 <p>China ETS</p> <p>CNY/t</p> <p>Mar/23 Apr/23 May/23 Jun/23 Jul/23 Aug/23 Sep/23 Oct/23</p>

Market	Description	Trend
Voluntary Carbon Markets (VCM)	Over the past week, the REDD+ segment saw market activity, despite reports of generally low demand. According to a broker, the market sentiment for REDD+ projects now is to buy credits to retire them quickly. Bearishness continues in the cookstove credit segment, as many market participants are waiting to see the outcomes from COP28 for guidance.	<p style="text-align: center;">Nature-based credits</p>  <p style="text-align: center;">CORSIA credits</p> 

Source: Refinitiv Eikon, Carbon Pulse, Platts Dimensions Pro

Global Markets Research & Strategy

Macro Research

Selena Ling

Head of Strategy & Research

LingSSSelena@ocbc.com

Tommy Xie Dongming

Head of Greater China Research

XieD@ocbc.com

Keung Ching (Cindy)

Hong Kong & Macau

cindykeung@ocbcwh.com

Herbert Wong

Hong Kong & Macau

herberhtwong@ocbcwh.com

Lavanya Venkateswaran

Senior ASEAN Economist

lavanyavenkateswaran@ocbc.com

Ahmad A Enver

ASEAN Economist

ahmad.enver@ocbc.com

Jonathan Ng

ASEAN Economist

JonathanNg4@ocbc.com

Ong Shu Yi

ESG

ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung

Rates Strategist

FrancesCheung@ocbc.com

Christopher Wong

FX Strategist

christopherwong@ocbc.com

Credit Research

Andrew Wong

Credit Research Analyst

WongVKAM@ocbc.com

Ezien Hoo

Credit Research Analyst

EzienHoo@ocbc.com

Wong Hong Wei

Credit Research Analyst

WongHongWei@ocbc.com

Chin Meng Tee

Credit Research Analyst

MengTeeChin@ocbc.com

This publication is solely for information purposes only and may not be published, circulated, reproduced or distributed in whole or in part to any other person without our prior written consent. This publication should not be construed as an offer or solicitation for the subscription, purchase or sale of the securities/instruments mentioned herein. Any forecast on the economy, stock market, bond market and economic trends of the markets provided is not necessarily indicative of the future or likely performance of the securities/instruments. Whilst the information contained herein has been compiled from sources believed to be reliable and we have taken all reasonable care to ensure that the information contained in this publication is not untrue or misleading at the time of publication, we cannot guarantee and we make no representation as to its accuracy or completeness, and you should not act on it without first independently verifying its contents. The securities/instruments mentioned in this publication may not be suitable for investment by all investors. Any opinion or estimate contained in this report is subject to change without notice. We have not given any consideration to and we have not made any investigation of the investment objectives, financial situation or particular needs of the recipient or any class of persons, and accordingly, no warranty whatsoever is given and no liability whatsoever is accepted for any loss arising whether directly or indirectly as a result of the recipient or any class of persons acting on such information or opinion or estimate. This publication may cover a wide range of topics and is not intended to be a comprehensive study or to provide any recommendation or advice on personal investing or financial planning. Accordingly, they should not be relied on or treated as a substitute for specific advice concerning individual situations. Please seek advice from a financial adviser regarding the suitability of any investment product taking into account your specific investment objectives, financial situation or particular needs before you make a commitment to purchase the investment product. OCBC Bank, its related companies, their respective directors and/or employees (collectively "Related Persons") may or might have in the future interests in the investment products or the issuers mentioned herein. Such interests include effecting transactions in such investment products, and providing broking, investment banking and other financial services to such issuers. OCBC Bank and its Related Persons may also be related to, and receive fees from, providers of such investment products.

This report is intended for your sole use and information. By accepting this report, you agree that you shall not share, communicate, distribute, deliver a copy of or otherwise disclose in any way all or any part of this report or any information contained herein (such report, part thereof and information, "Relevant Materials") to any person or entity (including, without limitation, any overseas office, affiliate, parent entity, subsidiary entity or related entity) (any such person or entity, a "Relevant Entity") in breach of any law, rule, regulation, guidance or similar. In particular, you agree not to share, communicate, distribute, deliver or otherwise disclose any Relevant Materials to any Relevant Entity that is subject to the Markets in Financial Instruments Directive (2014/65/EU) ("MiFID") and the EU's Markets in Financial Instruments Regulation (600/2014) ("MiFIR") (together referred to as "MiFID II"), or any part thereof, as implemented in any jurisdiction. No member of the OCBC Group shall be liable or responsible for the compliance by you or any Relevant Entity with any law, rule, regulation, guidance or similar (including, without limitation, MiFID II, as implemented in any jurisdiction).