

ESG

6 February 2024

ESG Country Updates

Singapore

- The Energy Market Authority (EMA) awarded YTL PowerSeraya the right to build, own and operate a hydrogen-ready combined cycle gas turbine unit with a capacity of at least 600 MW. The power plant is expected to be commissioned by end 2027, and is anticipated to bolster the reliability and security of Singapore's power system. The EMA has established in 2023 the Centralised Process Framework that guides gencos in making hydrogen-ready and lower-carbon intensity solutions to contribute to the development of a greener power system.
- Singapore sees the potential in working closely with Laos to maximise its economic potential through education and training, as well as collaborating in areas such as energy, carbon credits and food. Singapore started importing hydroelectricity from Laos through existing infrastructure in Thailand and Malaysia in June 2022, via the Lao PDR-Thailand-Malaysia-Singapore Power Integration Project. Both countries are in discussions on how Article 6 carbon credits can help meet their climate targets.

China

- China has agreed to invest US\$2.18 bn in Serbia to construct a 1,500 MW wind farm, a 500 MW solar plant, and a hydrogen plant with an annual capacity of around 30,000 metric tons by 2028. An MoU was signed between the ministry and China's Shanghai Fengling Renewable Co Ltd and Serbia Zijin Copper, a local subsidiary of Zijin Mining. China has invested billions of euros in Serbia in the form of soft loans for infrastructure and energy projects, as part of its belt and road initiative to open foreign trade links.
- The China Electricity Council estimates that grid-connected wind and solar would make up around 40% of installed power generation capacity by the end of 2024, compared with coal's expected 37%. At the end of 2023, wind and solar made up 36% of power generation capacity while coal was just under 40%. However, actual power generation is still dominated by coal that provided nearly 60% of electricity consumed last year.

Malaysia

- The Maharani Energy Gateway project that will be built in Muar, Johor, is set to promote Malaysia's green energy initiatives further and boost the country's trade and investment opportunities with Chinese companies. With the aim of creating an energy hub, the Maharani Energy Gateway project is a collaboration between Maharani Energy Gateway Sdn Bhd (MEG) and China Energy International Group (CEIG) Sdn Bhd to build a combined cycle gas turbine (CCGT) power plant and a green hydrogen and green ammonia plant.

Ong Shu Yi
ESG Analyst
+65 6530 7348
ShuyiOng1@ocbc.com

Indonesia

- Indonesia has issued a presidential regulation on carbon capture and storage (CCS) that will allow CCS operators to set aside 30% of their storage capacity for imported carbon dioxide. They can potentially store over 400 gigatonnes of CO₂e using depleted reservoirs or aquifers for CCS operations. The Indonesian government would collect royalties from storage fees charged by the CCS operators. To store carbon from abroad, the Indonesia government must have a bilateral agreement with the government where the emissions originated from.
- Indonesia's Energy and Mineral Resources Ministry has signed an MoU with Italian energy group Eni on decarbonisation efforts, covering the development of bio-feedstock for fuels, energy transition initiatives and possible carbon capture projects. This works towards Eni providing greater support for Indonesia's decarbonisation programmes.

Rest of the world

- White House senior adviser John Podesta will replace John Kerry as the US climate change diplomat, as the latter is stepping down to work on President Joe Biden's reelection campaign. Podesta will assume the role of senior advisor to the president for international climate policy while continuing to work on the implementation of the Inflation Reduction Act.
- The World Bank approved new initiatives to allow member countries hit by natural disasters to quickly access emergency funds from existing loan programs to help with disaster response. It will also scale up access to larger pre-arranged emergency crisis financing as part of future loan programs, as well as expand the use of catastrophe insurance productions to protect against large-scale disasters. These are part of the World Bank's efforts to tackle climate change and associated impacts.
- The UN climate chief said on 2 Feb that the world needs to mobilise at least US\$2.4 trillion to keep global climate change goals within reach. Climate finance will be the main focus of the Azerbaijan-hosted talks at COP29, where governments will be tasked with setting a new target post-2025 for raising money to support developing country efforts to reduce emissions and adapt to worsening climate change impacts.

Special Coverage: New sustainable finance body in Singapore



- The MAS launched the Singapore Sustainable Finance Association (SSFA) on 24 Jan to develop the sustainable finance ecosystem and best practices in Singapore, through developing the local talent pool, industry standards and financing solutions required in sustainable finance. The SSFA has formalised its governance structure and laid out the year's work plan, including the workstreams on five key areas:
 1. Carbon markets
 2. Transition finance
 3. Blended finance
 4. Natural capital and biodiversity
 5. Taxonomy
- This builds on the work done by the Green Finance Industry Taskforce (GFIT) such as the Singapore-Asia Taxonomy for Sustainable Finance, which sets out detailed thresholds and criteria for defining green and transition activities that contribute to climate change mitigation.
- The SSFA will be cochaired by BlackRock's country head of Singapore and regional head of Southeast Asia; and the CEO of HSBC Singapore in its first term, with the executive committee comprising the Chief Sustainability Officer at the MAS and the Director of the Association of Banks in Singapore (ABS). Other members include the Chief Sustainability Officers of OCBC, DBS and UOB.
- The industry can expect more sustainable finance courses to be made available in the near future, as the SSFA can contribute to talent upskilling and capacity building initiatives. The industry can also expect greater streamlining of carbon market practices, and greater clarity on climate-related and nature-related disclosures and regulations. This can help to mitigate greenwashing risks in the industry and bring greater confidence in the market for investments in green and transition activities as per the Singapore-Asia Taxonomy.

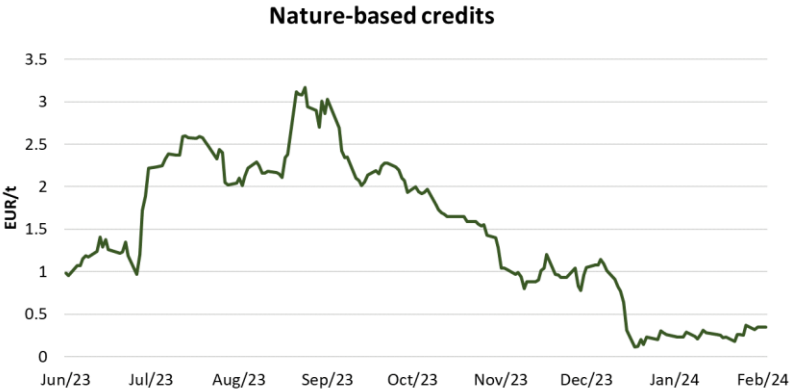
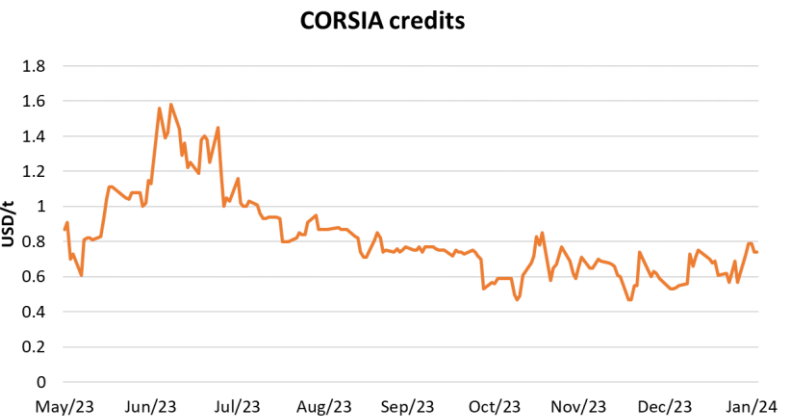
Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	63.40	-0.3%	64.16	61.78
China (CNY/ton)	74.53	2.3%	74.53	69.67

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.35	-5.4%	0.37	0.32
CORSIA	0.74	29.8%	0.79	0.57

Market	Description	Trend
EU ETS	The EU ETS price saw a weekly decline of 0.3% after weak auction interest that triggered steady selling pressure last week. The European Commission is working to tweak EU ETS rules within the coming months to define permanent carbon storage projects.	
China ETS	The China ETS price rose by 2.3% to 74.53 CNY/t last week with an uptick in liquidity, while the CCER continued to see sluggish demand. China has released new regulations that will be effective 1 May 2024 to provide a legal framework for the operation of the China ETS, focusing on the allocation of responsibilities e.g. designating the State Council’s ecological and environmental departments to oversee and manage carbon emissions trading.	

Market	Description	Trend
Voluntary Carbon Markets (VCM)	The VCM saw continued bearish notes with low activity and a lack of buyers. Buyers are placing a premium on US-based Biochar credits, indicatively valued at US\$200-400 mtCO ₂ e. These credits are still in the developmental stage with credits expected to be issued in 2025 or later.	<div data-bbox="683 322 1477 712"> <p style="text-align: center;">Nature-based credits</p>  </div> <div data-bbox="683 734 1477 1151"> <p style="text-align: center;">CORSIA credits</p>  </div>

Source: Refinitiv Eikon, Carbon Pulse, Platts Dimensions Pro, Verra

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 Economist
Cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Macau Economist
HerbertWong@ocbc.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 Analyst
ShuyiOng1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Rates Strategist
FrancesCheung@ocbc.com

Christopher Wong
FX Strategist
ChristopherWong@ocbc.com

Credit Research

Andrew Wong
Credit Research Analyst
WongVKAM@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
EzienHoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
WongHongWei@ocbc.com

Chin Meng Tee, CFA
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).

Co.Reg.no.: 193200032W