

ESG

10 June 2024

ESG Country Updates

Singapore

- Singapore is investing S\$1mil for A*Star researchers to study over three years the impact of the urban environment on mental health, examining factors such as urban design features, density and human behaviours. This can better advise future plans for Singapore's urban planning that is best suited for the mental well-being of the general population.
- Singapore has published an Environmental Crimes Money Laundering (ML) National Risk Assessment which identifies key threats and vulnerabilities in environmental crimes ML that Singapore is exposed to, such as illegal wildlife trade and illegal logging. According to the report, banks and cross-border payment service providers are sectors that are most vulnerable to being misused to launder proceeds from environmental crimes, given their transnational nature. Given the level of exposure and existing legislation and controls, there is a medium-low risk of criminals using Singapore for environmental crimes ML.

China

- The European Commission is expected to impose provisional tariffs from 4 July that would boost import duties above the current level of 10% on Chinese EVs, as European automakers are being challenged by an influx of lower-cost EVs from Chinese competitors.

Malaysia

- Malaysia's Housing and Local Government Ministry aims to create green and eco-friendly communities, and construct more high-quality housing to continue enhancing the living standards of Malaysians. It will launch a new public housing programme called the Program Residensi Rakyat (PRR), that provides houses at subsidised prices. Malaysia is collaborating with Singapore's Housing and Development Board to advance the PRR programme.

Indonesia

- PLN's green super grid, a 50,000km transmission network connecting renewable energy sources across Indonesia, is estimated to require US\$25 bn to build. The grid would play an important role in enabling Indonesia's energy transition and achieving its climate goals.

Rest of the world

- Japan and the EU agreed to work together on policies related to creating demand and supply for clean hydrogen, as well as advancing technologies to develop the new fuel. Japan views hydrogen as a new and cleaner energy

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

source to gradually substitute liquefied natural gas to achieve carbon neutrality by 2050, while the EU sees hydrogen as an option to phase out the use of Russian fossil fuels.

- Azerbaijan, which will host COP29 this year, is hoping to raise the share of renewables across its energy sector to almost a third with over \$2 billion in green investments. This amount would help produce 5.3 billion kWh of electricity, estimated to save 1.2 billion cubic metres of gas and reduce emissions by up to 2.5 million tonnes. However, Azerbaijan would continue pushing fossil fuels.
- The International Energy Agency estimates that global investment in clean energy technologies and infrastructure is set to hit US\$2 trillion this year, which is twice the amount that is being invested into fossil fuels. This includes renewables, electric vehicles, nuclear power, grids, energy storage, low-emissions fuels, energy efficiency improvements and heat pumps. China is set to account for the largest share of clean energy investment in 2024 with an estimated US\$675 billion, while Europe is set to account for US\$370 billion and the US at US\$315 billion.

Special Coverage: China's upcoming carbon footprint management system for products

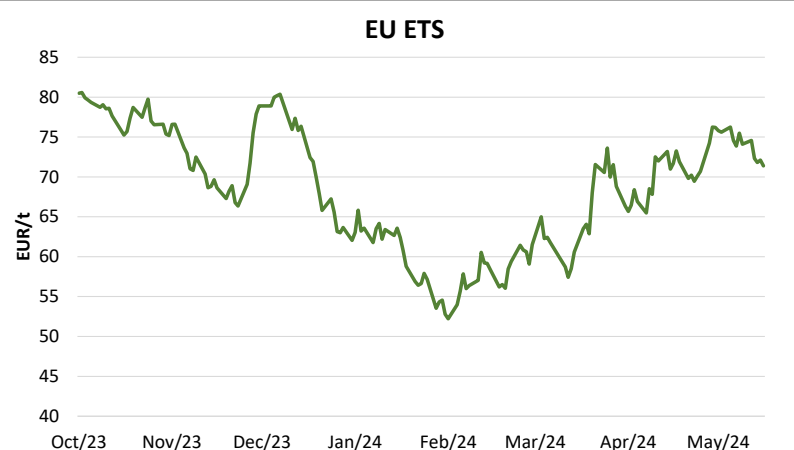

- China's Ministry of Ecology and Environment will be publishing a plan on a unified carbon footprint management system that aims to better measure the carbon content of its products, by setting standards for measuring carbon emissions for about 100 key products throughout the Chinese economy.
- The plan will contain an array of specific measures, including measures to rally efforts from various parties, promote the international alignment of related rules, strengthen the calculation of product carbon footprints and improve the protection of property rights.
- The system will go into effect in 2027 and will apply to high-emitting products such as coal, natural gas and export products like steel, aluminium, lithium batteries and electric vehicles as a start. This is with the aim of expanding the guidance to 200 products by 2030.
- This can facilitate China in achieving its climate goals (peak carbon dioxide emissions by 2030 and carbon neutrality by 2060) and meeting increasingly tougher international carbon standards e.g. EU's Carbon Border Adjustment Mechanism that will be operational from 2026 till 2034 covering emissions-intensive sectors with high risk of carbon leakage in the initial phase i.e. iron and steel, cement, fertilisers, aluminium, hydrogen and electricity.


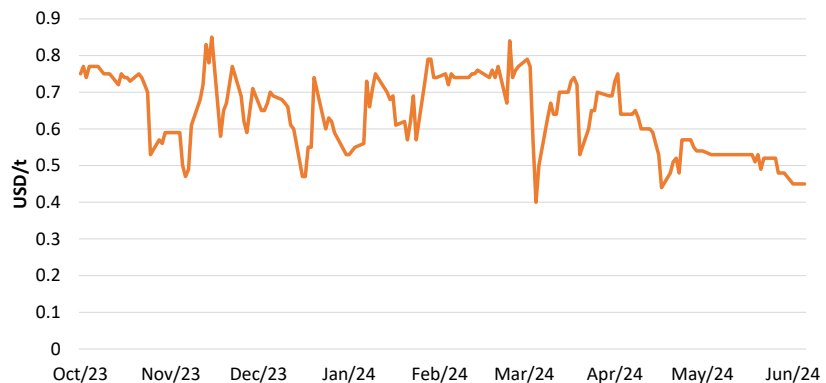
Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	71.39	-3.7%	74.57	71.39
China (CNY/ton)	96.07	3.0%	96.07	93.23

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.41	-6.8%	0.45	0.41
CORSIA	0.45	-6.2%	0.48	0.45

Market	Description	Trend
EU ETS	The EU ETS and energy prices remained in a narrow trading range last Friday as activity across all markets was low. The market could have been in a waiting mode because of the EU elections.	
China ETS	China ETS prices increased by 3% to 96.07 CNY/t last week, with healthier trading volumes amid expectations for greater sectoral coverage under the ETS.	

Market	Description	Trend
<p>Voluntary Carbon Markets (VCM)</p>	<p>The renewables segment of the VCM remains oversupplied with a lack of buying interest.</p> <p>CORSIA-eligible Guyana-sourced Jurisdictional REDD+ credits were offered at a premium price of US\$30/mtCO₂e due to the exclusivity of the project and limited supply, but they have not found a client willing to pay the high price. Only credits issued by Architecture for REDD+ Transactions and the American Carbon Registry are fully eligible for CORSIA Phase 1.</p> <p>Major carbon registries like Gold Standard and Verra are still awaiting full approval for their participation in CORSIA Phase 1.</p>	<div data-bbox="608 309 1495 721"> <p style="text-align: center;">Nature-based credits</p>  </div> <div data-bbox="608 721 1495 1272"> <p style="text-align: center;">CORSIA credits</p>  </div>

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect

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
Cindyckeung@ocbcwh.com

Herbert Wong
Hong Kong & Macau
HerberhtWong@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