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DBS, SGX, Standard Chartered and Temasek to take climate action through global carbon exchange and marketplace

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- *DBS, SGX, Standard Chartered and Temasek to develop a carbon exchange and marketplace, Climate Impact X; providing organisations with high-quality carbon credits to address hard-to-abate emissions*
- *Climate Impact X will use satellite monitoring, machine learning and blockchain technology to enhance transparency, integrity and quality of carbon credits*
- *Forged as a result of Singapore's Emerging Stronger Taskforce, Sustainability Alliance for Action (AfA), Climate Impact X will leverage Singapore's position as a leading international financial, legal and commodities hub*

Singapore, 20 May 2021 – DBS Bank (DBS), Singapore Exchange (SGX), Standard Chartered and Temasek today announced their intention to join forces to take climate action. Through a joint venture to be established by the four parties, Climate Impact X (CIX) aims to be a global exchange and marketplace for high-quality carbon credits.

CIX will leverage satellite monitoring, machine learning and blockchain technology to enhance the transparency, integrity and quality of carbon credits that deliver tangible and lasting environmental impact.

Global efforts to address climate change have been driving demand for solutions to help corporates effectively reduce their carbon emissions. However, today's low-carbon technologies including current renewable energy solutions are unlikely to be enough in the near term.

Certain research shows that such technologies may only reduce two-thirds of global emissions[1], which may not be sufficient to achieve the goal under the 2015 Paris Climate Agreement to limit global warming preferably to 1.5 degrees Celsius[2]. High-quality carbon credits can provide a practical solution to bridge this gap, especially in the near term, and will play an important role in a holistic climate mitigation strategy.

Mikkel Larsen, Interim CEO of Climate Impact X and Chief Sustainability Officer at DBS, said: "Climate Impact X will provide a solution for corporates to address unavoidable carbon emissions in the near term and propel the development of new carbon credit projects worldwide. With an initial focus on Natural Climate Solutions, the carbon credits will also create impetus to address another grave risk of biodiversity loss and help serve local communities. CIX will build on collective action by global governments, corporates and individuals to achieve a net-zero economy."

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[1] "The Next Generation of Climate Innovation", BCG, published 22 March, 2021, https://www.bcg.com/en-sea/publications/2021/next-generation-climate-innovation

[2] "The Paris Agreement", United Nations Framework Convention on Climate Change, retrieved 17 May, 2021, https://unfccc.int/process-and-meetings/the-paris-agreement/the-paris-agreement

Driven by corporate climate commitments, global demand for high-quality carbon credits in the voluntary carbon market is estimated to increase at least fifteenfold by 2030, up to 1.5 to 2 gigatons of carbon dioxide (GtCO2) annually[3]. Despite this forecast, there are still challenges to address in today's market. For example, trust among investors and buyers may still be limited by a lack of transparency over the risks and effectiveness of carbon projects. As a result, suppliers may face challenges in developing new carbon reduction projects, resulting in liquidity issues.

Larsen added: "By facilitating a well-functioning marketplace with strong impact and risk data, CIX will enable efficient price discovery and catalyse the development of new projects."

CIX Exchange and Project Marketplace to be focused initially on Natural Climate Solutions (NCS); to be launched by end 2021

CIX will offer distinct platforms and products that cater to the needs of different buyers and sellers of carbon credits. These include the Exchange and the Project Marketplace, which are expected to be launched by end 2021. The Exchange will facilitate the sale of large-scale high-quality carbon credits through standardised contracts – catering primarily to multinational corporations (MNCs) and institutional investors.

In addition, the Project Marketplace will cater to a broader spectrum of corporates seeking to participate in the voluntary carbon market, offering them a curated selection of NCS projects that can help meet their sustainability objectives. Each project on the Project Marketplace will be supported by transparent environmental impact, risk and pricing data.

To start with, CIX will focus on helping to catalyse the market for NCS, which involve protection and restoration of natural ecosystems such as forests, wetlands and mangroves. NCS are cost effective and provide significant benefits by supporting biodiversity and generating income for local communities. Asia houses a third of the global supply potential and is therefore one of the largest suppliers of NCS globally[4]. CIX will feature carbon credits from various high-quality NCS projects around the globe on its platforms. It is also in conversations with global rating agencies to provide independent ratings to these projects.

In addition, CIX will be guided by an International Advisory Council – an independent expert body comprising non-governmental organisations, leading corporates and project developers, and academics and thought leaders. CIX will also work with an ecosystem of global partners and international working groups, including the Taskforce on Scaling Voluntary Carbon Markets (TSVCM) and the Natural Climate Solutions Alliance, to align on leading standards for quality and integrity.

[3] "A blueprint for scaling voluntary carbon markets to meet the climate challenge", McKinsey & Company, published 29 January, 2021, https://www.mckinsey.com/business-functions/sustainability/our-insights/a-blueprint-for-scaling-voluntary-carbon-markets-to-meet-the-climate-challenge

[4] "Consultation: Nature and Net Zero", World Economic Forum, published 25 January, 2021, https://www.weforum.org/reports/consultation-nature-and-net-zero

The joint operation of CIX by DBS, SGX, Standard Chartered and Temasek will be subject to all required regulatory approvals/consents to be obtained[5].

Piyush Gupta, Chief Executive Officer, DBS, said: "It is becoming increasingly apparent that the world requires a carbon market of the highest international standards. As a leading global financial and trading hub, supported by strong regulatory frameworks, Singapore is well placed to lead such sustainability efforts. To catalyse the development of new carbon credit projects, there is a need for more high-quality carbon credits and the active cross border trading of such credits to drive global price transparency. We look forward to galvanising change by gathering like-minded industry leaders to a centralised world-class platform, scaling the global voluntary carbon market and expediting the transition to a low-carbon economy."

Loh Boon Chye, Chief Executive Officer, SGX, said: "SGX serves the ecosystem as a leading sustainable and transition financing and trading hub. Climate action is a key priority for us and we support internationally accepted carbon mitigation hierarchies. From avoiding and reducing emissions within companies' operations and value chains, to using renewable energy sources wherever possible and finally neutralising and compensating for hard-to-abate emissions, we will work with our ecosystem throughout this journey. Climate Impact X will be an integral part of this vision, backed by SGX's track record as a major price discovery venue for global commodities and Singapore's strong and trusted financial infrastructure."

Bill Winters, Group Chief Executive, Standard Chartered, said: "Standard Chartered operates in many of the world's fastest-growing economies across Asia, Africa and the Middle East, which are home to a high proportion of the world's natural climate solutions. To meet our shared climate objectives, we need to see a significant capital shift to these markets to protect nature and enable a sustainable low-carbon transition. Voluntary carbon markets are necessary to accomplish this transfer efficiently and, as set out in the work of the Taskforce on Scaling Voluntary Carbon Markets, we must agree to a consistently high standard of carbon credits for this market to be credible and effective. This is the decade for action, and we are confident that Climate Impact X will play a critical role in aligning the planet's emissions profile to a net-zero future."

Rohit Sipahimalani, Chief Investment Strategist, Temasek, said: "Temasek is committed to generating positive impact on people and the planet through our global investments. We provide capital to catalyse new ideas and solutions. Climate Impact X aligns with our commitment to invest in businesses that will yield positive climate benefits as well as developments in their broader ecosystems for the long term. We are pleased that the platform will help organisations to address their carbon footprints through both market and natural climate solutions."

Leveraging Singapore's world-class infrastructure to scale global voluntary carbon markets

CIX will be headquartered in Singapore and will leverage the country's internationally-recognised financial, legal and commodities hub infrastructures. These infrastructures are foundational to

[5] The contributions by the parties into CIX will include cash, technical expertise, networks, thought leadership, IT architecture, and other intangibles.

nurturing a trusted ecosystem of partners required to scale the global voluntary market. In addition, Singapore has been supportive of initiatives that strengthen the trust and verifiability of carbon credits, as part of the nation's ambition to become a global carbon services and trading hub.

CIX is an initiative born out of Singapore's Emerging Stronger Taskforce's Alliance for Action (AfA) on Sustainability[6]. The AfA on Sustainability aims to position Singapore as a hub for carbon-related services and nature-based solutions, transforming the country into a "Bright Green Spark".

-END-

About Climate Impact X

Climate Impact X (CIX) will be a Singapore-based global carbon exchange and marketplace that aims to scale the voluntary carbon market. CIX will connect an ecosystem of partners, leveraging satellite monitoring, machine learning and blockchain to enhance transparency, integrity and quality of carbon credits. This will empower corporations to take effective action and complement carbon reduction efforts as part of a holistic climate mitigation strategy. CIX will offer distinct platforms and products that will cater to the needs of different carbon credit buyers and sellers. The Exchange will facilitate the sale of large-scale high-quality carbon credits through standardised contracts – catering primarily to MNCs and institutional investors. The Project Marketplace will offer a curated selection of NCS projects that can meet corporate sustainability objectives. Each project on the Project Marketplace will be supported by transparent impact, risk and pricing data.

For more information, please visit www.climateimpactx.com

About DBS

DBS is a leading financial services group in Asia with a presence in 18 markets. Headquartered and listed in Singapore, DBS is in the three key Asian axes of growth: Greater China, Southeast Asia and South Asia. The bank's "AA-" and "Aa1" credit ratings are among the highest in the world.

Recognised for its global leadership, DBS has been named "World's Best Bank" by Euromoney, "Global Bank of the Year" by The Banker and "Best Bank in the World" by Global Finance. The bank is at the forefront of leveraging digital technology to shape the future of banking, having been named "World's Best Digital Bank" by Euromoney. In addition, DBS has been accorded the "Safest Bank in Asia" award by Global Finance for 12 consecutive years from 2009 to 2020.

DBS provides a full range of services in consumer, SME and corporate banking. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. DBS is committed to building lasting relationships with customers, and positively

[6] The Emerging Stronger Taskforce (EST) was formed under the Future Economy Council (FEC) in May 2020 to review how Singapore can stay economically resilient, and build new sources of dynamism to emerge stronger from COVID-19. The Alliances for Action formed are in the areas of AgriTech, Digitalising Built Environment, EduTech, Enabling Safe and Innovative Visitor Experiences, Facilitating Smart Commerce, MedTech, Robotics, Supply Chain Digitalisation, and Sustainability.

impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

With its extensive network of operations in Asia and emphasis on engaging and empowering its staff, DBS presents exciting career opportunities.

For more information, please visit www.dbs.com.

About Singapore Exchange
Singapore Exchange is Asia's leading and trusted securities and derivatives market infrastructure, operating equity, fixed income, currency and commodity markets to the highest regulatory standards. It also operates a multi-asset sustainability platform, SGX FIRST or Future in Reshaping Sustainability Together (sgx.com/first).

SGX is committed to facilitating economic growth in a sustainable manner leveraging its roles as a key player in the ecosystem, a business, regulator and listed company. With climate action as a key priority, SGX aims to be a leading sustainable and transition financing and trading hub offering trusted, quality, end-to-end products and solutions.

As Asia's most international, multi-asset exchange, SGX provides listing, trading, clearing, settlement, depository and data services, with about 40% of listed companies and over 80% of listed bonds originating outside of Singapore. SGX is the world's most liquid international market for the benchmark equity indices of China, India, Japan and ASEAN. Headquartered in AAA-rated Singapore, SGX is globally recognised for its risk management and clearing capabilities.

For more information, please visit www.sgx.com.

About Standard Chartered
We are a leading international banking group, with a presence in 59 of the world's most dynamic markets, and serving clients in a further 85. Our purpose is to drive commerce and prosperity through our unique diversity, and our heritage and values are expressed in our brand promise, Here for good.

Standard Chartered PLC is listed on the London and Hong Kong Stock Exchanges.

For more stories and expert opinions please visit Insights at sc.com. Follow Standard Chartered on Twitter, LinkedIn, Instagram and Facebook.

About Temasek
Temasek is an investment company with a net portfolio value of S$306 billion (US$214 billion) as at 31 March 2020. Its three roles as an Investor, Institution and Steward, as defined in the Temasek Charter, shape Temasek's ethos to do well, do right and do good. Temasek actively seeks sustainable solutions to address present and future challenges, through investment and

other opportunities that help to bring about a better, smarter and more sustainable world. For more information on Temasek, please visit www.temasek.com.sg.

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ANNEX

Why Carbon Credits?

A carbon credit is a certificate that represents a reduction of one metric ton of CO_2 emission. Carbon credits play a critical role in a holistic climate mitigation strategy and enable corporates to compensate and increasingly neutralise emissions on the path towards net zero.



01

CO_2 is emitted into the atmosphere due to human activities such as industrial output, transportation, power generation and travel

Companies, as one of the main sources of emissions, need to reduce their emissions by taking steps to measure, report and eliminate them

Some residual emissions are unavoidable since it may not be feasible for companies to reduce their carbon footprint entirely in the short-run

02

Companies purchase high-quality carbon credits via exchanges and marketplaces such as Climate Impact X (CIX)

CIX ensures carbon credits are generated from projects aligned with leading global standards (i.e. real, measurable, verified, additional, permanent and free from leakage, double claims, etc.) and achieve significant co-benefits

Companies compensate by retiring carbon credits equivalent to the emissions which they have not yet eliminated, supporting the transition to a zero-carbon future

03

Proceeds from the sale of carbon credits fund climate mitigation actions including projects such as reforestation, wetland restoration and renewable electricity generation (e.g. solar, wind)

These projects also create additional benefits for local communities and biodiversity (e.g. livelihoods, protection of endangered species)

*Emissions estimates based on Gold Standard averages for select developed nations. Sequestration estimates based on UN Food and Agriculture Organisation research

Find out more at **climateimpactx.com**