

SGX Complaint Regarding Oversea-Chinese Banking Corporation Limited (SGX: 039) Misleading Disclosures

Introduction

Oversea-Chinese Banking Corporation Limited (OCBC) has provided corporate financing to the Harita Nickel Group (Harita), a company that has built and is operating new coal infrastructure on Obi Island, Indonesia. This may create a materially misleading impression when read alongside OCBC's public commitment not to finance new coal-fired power plants (CFPPs) and its broader Responsible Financing Policy ([Exhibit A](#)).

As a result, OCBC's public disclosures may be materially misleading to investors and the market, thereby risking a breach of the Singapore Exchange (SGX) Listing Rules [703\(1\)](#) and [711A & 711B](#) regarding disclosure and sustainability reporting. As such, the Singapore Exchange Regulation (SGX RegCo) is requested to consider investigating whether OCBC may be in non-compliance with the SGX Rulebooks.

OCBC's disclosures have not provided complete information material to investors, specifically regarding:

- The true extent of its exposure to high-carbon assets through a captive¹ coal power plant loophole.
- The material climate-related transition risk this exposure poses to the bank.

These omissions are material to investors' understanding of OCBC's business, financial condition, prospects, and risks, particularly concerning its climate-related commitments and policies.

OCBC is subject to the relevant law governing securities in Singapore

OCBC is a corporation listed on the Singapore Exchange (SGX) and is subject to the SGX Rulebooks. Compliance is enforced by SGX RegCo, which has a wide range of enforcement powers, including issuing public reprimands and requiring issuers to comply.

¹ Captive power plants are onsite electricity generation facilities used by business to power their own operations, often for industrial processes.

OCBC is required to comply with the following SGX Mainboard Rules:

- **Rule 703(1) – Disclosure of material information:** Requires an issuer to announce information necessary to avoid the establishment of a “false market” in its securities.
- **Rules 711A & 711B – Sustainability Report:** Require issuers to prepare a sustainability report, which, pursuant to SGX’s Sustainability Reporting Guide and Practice Notes, should comprise climate-related disclosures in accordance with IFRS Sustainability Disclosure Standards. The SGX framework recognises that the IFRS Sustainability Disclosure Standards build on recommendations of the Task Force on Climate-related Financial Disclosures (TCFD).
- Practice Note 7.6 to Rule 711B clarifies that sustainability reporting disclosure does not detract from an issuer’s obligation under Listing Rule 703(1) to disclose information necessary to avoid the establishment of a false market, bringing material sustainability and climate-related disclosures within the scope of SGX’s continuous disclosure regime.

Material gaps and inconsistencies in OCBC’s public disclosure

A material information gap exists in the discrepancy between OCBC’s public-facing sustainability commitments and the details of its corporate financing policy, specifically its application to clients heavily reliant on captive coal power generation. OCBC does not clearly disclose whether captive coal power plants are included in the calculation of these thresholds, nor how such exposure is assessed for energy-intensive industrial clients.

1. Material climate-related risks due to captive coal power exposure

OCBC has publicly committed to not financing new CFPPs, and its corporate financing policy imposes a threshold where power capacity or revenue derived from CFPPs must not exceed **25% for new clients and 50% for existing clients** (Exhibit A).

However, OCBC is a lender in financing facilities to Harita Group entities (PT Trimegah Bangun Persada, PT Halmahera Persada Lygend, and PT Halmahera Jaya Feronikel) (Exhibit B), which operate a nickel complex on Obi Island. This appears to expose OCBC to operations that are heavily reliant on new coal power plants for energy supply, which is material to investors’ assessment of the bank’s climate-related transition risk.

This exposure may give rise to material climate-related financial risks in the form of heightened credit, regulatory, and reputational risk arising from financing clients whose operations are fundamentally reliant on new coal power in an environment of tightening climate policy, trade measures, and market expectations.

Deutsche Welle² reported that Harita Group is supplying nickel for electric vehicle batteries sold across Europe, China and the United States. This commercial exposure heightens transition risk, particularly in light of the EU's Carbon Border Adjustment Mechanism (CBAM), which targets carbon-intensive industrial production.

International nickel buyers are accelerating the shift toward lower-carbon supply chains. Samsung³ has committed to reducing emissions across its value chain, and Mercedes-Benz⁴ has committed to achieving carbon neutrality across its entire supply chain by 2039. Mercedes-Benz has confirmed⁵ that its EVs contain nickel from Obi Island, which may expose Harita's coal-powered nickel to increasing transition risk as buyer decarbonisation expectations intensify.

Harita Group's power capacity on Obi Island is primarily coal-fired, accounting for more than 50% of the total capacity. Harita Nickel Group stated that the company currently operates 910 MW of coal-fired power generation capacity, out of a planned total of 1,670 MW, while operating only 40 MW of solar power capacity (Exhibit C). Environmental permitting documentation for Harita's subsidiary, PT Trimegah Bangun Persada (June 2023) (Exhibit D), shows a total planned capacity of 2.54 GW of coal and 1.3 GW of solar power for the Obi Island complex, indicating that renewables currently play a comparatively limited role in its energy mix.

This raises questions about whether OCBC's policy, as applied and disclosed, allows financing for companies whose operations are predominantly powered by the group's own coal-fired generation assets.

This apparent lack of clear disclosure of high-carbon exposure via this captive coal power loophole may constitute a material omission, which may result in investors not being provided with:

- Information necessary to avoid the establishment of a "false market" in OCBC's securities (Rule 703(1)).
- A clear and accurate representation of OCBC's material environmental factors and climate transition risk, which investors need in order to properly understand the climate-related risks and opportunities of their investments (Rules 711A & 711B).

² The hidden cost of Indonesia's nickel boom, online: <https://www.dw.com/en/leaked-documents-reveal-the-hidden-cost-of-indonesias-nickel-boom/a-72390311>

³ Samsung, Climate Action, online: <https://www.samsung.com/global/sustainability/planet/climate-action/>

⁴ Mercedes-Benz, Ambition 2039, online: <https://group.mercedes-benz.com/sustainability/environment-climate/decarbonisation/ambition-2039-our-path-to-co2-neutrality.html>

⁵ The hidden cost of Indonesia's nickel boom, online: <https://www.dw.com/en/leaked-documents-reveal-the-hidden-cost-of-indonesias-nickel-boom/a-72390311>

2. Misleading metrics and targets inconsistent with TCFD

In particular, OCBC does not appear to disclose whether and how financing companies reliant on captive coal power generation (such as Harita) would be incorporated into the bank's coal-related metrics and targets. This failure to disclose may contradict TCFD pillars on *Risk Management* and *Metrics and Targets*. Investors would find it difficult to assess whether OCBC's exposure aligns with a credible transition pathway, and the sufficiency of processes to manage associated risks.

- **Inadequate metrics and risk management:** OCBC's 25% or 50% coal power thresholds may be insufficient or potentially misleading if it does not account for or manage climate risk exposures through clients' captive coal power activities.
- **Harita's emissions trajectory (Exhibit E):** OCBC's client, Harita, reported emissions data that indicate a rapidly increasing emissions trajectory that directly reflects the risk retained by OCBC:
 - Harita's reported Group GHG emissions **rose almost threefold**, from 3.74 MtCO₂e in 2022 to 10.87 MtCO₂e in 2024.
 - Furthermore, Harita's own absolute GHG emissions reduction target applies only to operations established in or before 2022 and therefore excludes around 73% of current disclosed smelting capacity, raising questions regarding the scope and credibility of its decarbonisation claims.
 - These emissions trajectories translate directly into heightened credit, reputational, and regulatory transition risks, particularly as trade measures (e.g., CBAM) and coal-related restrictions tighten in key markets.

OCBC's continued financing of, and the resulting inadequate disclosure regarding, a client with this emissions profile and large-scale planned coal expansion may result in investors not being provided with a complete or accurate picture of its climate-related risks.

The omissions are material to OCBC investors.

The material discrepancy between OCBC's public commitment not to finance new coal power under its Responsible Financing Framework and Policies and its disclosed financing exposure to companies with significant captive coal power activities may have implications for OCBC's financial position and reputation.

- **Creation of a false market:** Investors who rely on OCBC's stated coal-exclusion policy may be misled about the bank's exposure to climate-related transition risk. OCBC's participation in financing a company whose operations depend on captive coal power generation constitutes material information that investors would reasonably consider in valuing the bank's securities.
- **Systemic transition risk:** The coal sector is subject to systemic transition risks arising from tightening climate policy, market shifts and increasing regulatory and trade constraints. In the absence of clear disclosure regarding how its policies manage financing for coal-dependent industrial operations, investors may be

limited in their ability to assess OCBC's exposure to coal-related transition risks and opportunities.

Investor research further indicates that climate-related risks are increasingly integrated into investment decision-making. The *Global State of Investor Climate Action*⁶ report, published by the Asia Investor Group on Climate Change (AIGCC) and based on a survey of more than 220 institutional investors, found that 75% of respondents assess the financial risks and opportunities posed by climate change to their portfolios. In this context, OCBC's continued exposure to companies whose operations are heavily reliant on coal-fired power generation may be information that investors consider relevant when making investment decisions.

Conclusion

The items detailed above may constitute material omissions as defined by SGX Listing Rules, specifically Rule 703(1) and Rules 711A & 711B. These omissions are material due to the conflict between OCBC's exposure to Harita's planned coal-fired power activities and OCBC's public-facing sustainability commitments. Unless these omissions are corrected, investors may be unable to make an informed assessment of OCBC's true exposure to climate transition risk.

We, therefore, respectfully request that SGX RegCo consider whether OCBC's disclosures and application of its Responsible Financing Policy may create a misleading impression regarding the bank's exposure to coal-related activities and its climate-related risk profile.

⁶ New report suggests climate change and environmental risk is integral to investors' considerations around their investment approach, online: <https://aigcc.net/new-report-suggests-climate-change-and-environmental-risk-is-integral-to-investors-considerations-around-their-investment-approach/>

Exhibit A: OCBC Coal Policy

OCBC's Responsible Financing Framework and Policies

- <https://www.ocbc.com/group/sustainability/net-zero-future/responsible-financing-framework>
- www.ocbc.com/iwov-resources/sg/ocbc/gbc/pdf/sustainability/responsible_financing_sector-specific_policies_july_2024.pdf

"The Responsible Financing Policy for Energy applies to borrowers involved in

- a) Power generation derived from coal, natural gas, oil, nuclear, and renewables
- b) The oil and gas sector, covering exploration, production, transportation, storage, processing, refining, distribution, trading and support services

We will not finance:

- Coal-fired power plants (CFPPs)
 - Project financing:
 - Except where financing is towards coal phase-out, as part of a low-carbon transition programme
 - Corporate financing:
 - Where the power generation capacity or revenue of the new client derived from CFPPs exceeds 25%
 - Where the power generation capacity or revenue of an existing client derived from CFPPs exceeds 50%"

Policy development timeline

<https://www.ocbc.com/iwov-resources/sg/ocbc/gbc/pdf/ocbc-sustainability-report-2022.pdf>

In its 2022 Sustainability Report (page 22), OCBC stated that in 2019, it announced the policy to stop financing new coal-fired power plants. In 2022, it has further enhanced its coal-related prohibitions and will not provide new financing or refinancing to clients whose total power generation capacity or revenue exceeds 50% from CFPPs.

Exhibit B: OCBC financing Harita Group

Harita Nickel 2022 Annual Report, pages 293 and 296

<https://api.tbpnickel.com/storage/images/PDF/laporan%20tahunan%202022/Annual%20Report%202022.pdf>

On February 22, 2021, HPL (Halmahera Persada Lygend) entered into a TLF (Term Loan Facilities) with DBS Singapore, UOB Singapore, BNP Singapore, Mandiri, PT Bank Negara Indonesia (Persero) Tbk (“BNI”), OCBC Singapore, Malayan Banking Berhad, Singapura (“Maybank”), OCBC, and PT Bank Central Asia (“BCA”), with the facility limit amounting to US\$605,000,000 (or equivalent to Rp8,632,745,000,000) and an option to increase the limit to US\$625,000,000 (or equivalent to Rp8,918,125,000,000). This agreement matures on December 31, 2027 and bears interest rate of LIBOR plus a certain margin.

Based on TLF Agreement dated April 14, 2022 between HJF (Halmahera Jaya Feronikel) and DBS Singapore, OCBC Singapore, DBS, KEB Hana, OCBC, UOB Singapore, Eximbank and Mandiri, HJF receives a TLF with a credit limit of US\$530,000,000 (or equivalent to Rp8,337,430,000,000) starting from April 14, 2022 and will mature in 60 months, with the purpose of financing project costs and refinancing Bridge Loan Facility amounting to US\$250,000,000 (or equivalent to Rp3,932,750,000,000).

Harita Nickel 2023 Annual Report, page 349

<https://api.tbpnickel.com/storage/images/PDF/laporan%20tahunan%202023/Harita%20Nickel%20Annual%20Report.pdf>

On January 16, 2023, the Company entered into a loan facility with OCBC and OCBC Singapore with the facility limit amounting to US\$150,000,000 (or equivalent to Rp2,239,500). This agreement will mature in 24 months since the agreement date and bears an annual interest rate of USD-SOFR plus certain margin. This facility is to be utilized for general corporate purposes, including but not limited to working capital, capital expenditure, transaction costs and fees and expenses.

Exhibit C: Harita Group Captive Coal Power on Obi Island

<https://tbpnickel.com/en/harita-group-implements-emission-control-technologies-to-safeguard-air-quality>

“PT Obi Sinar Timur (OST), one of Harita Group's affiliated companies, has adopted emission control technologies to minimize the environmental impact of its **coal-fired power plant (PLTU)** operations in Kawasi Village, Obi Subdistrict, South Halmahera, North Maluku. This initiative is a vital part of the company's commitment to responsible environmental management.

Amiruddin, Deputy Head of Technical Support at PT OST, stated that the company currently operates a power plant with a total capacity of 910 MW, out of an installed capacity of 1,670 MW—part of which is still under construction. The power plant consists of one 150 MW unit and four units of 380 MW each.”

Harita Nickel 2022 Sustainability Report, page 80

<https://api.tbpnickel.com/storage/images/Keberlanjutan/Tentang%20Keberlanjutan/Laporan%20Keberlanjutan/Laporan%20Keberlanjutan%20Harita%20Nickel%202024.pdf>

“In addition, we are deploying additional 40 MWp of rooftop solar panels, which are currently under construction and scheduled to be operational before end of 2025.

Exhibit D: Harita Group Power Plan

Analisis Mengenai Dampak Lingkungan (AMDAL) No. 6666822eae44a, as the environmental permit approval based on the Decree of the Minister of Environment and Forestry of the Republic of Indonesia Number SK.639/MENLHK/SETJEN/PLA.4/6/2023 granted to PT Trimegah Bangun Persada (Harita Nickel Group).

Accessed through AMDALnet, <https://amdalnet.menlhk.go.id/>

Exhibit E: Harita Group Commitment and Emissions

Harita Nickel Sustainability Report 2024, pages 43 and 85

<https://api.tbpnickel.com/storage/images/Keberlanjutan/Tentang%20Keberlanjutan/Laporan%20Keberlanjutan/Laporan%20Keberlanjutan%20Harita%20Nickel%202024.pdf>

Contribution to Achieving the Sustainable Development Goals (page 43)

Focus Area	Program, Initiatives and Progress	Target Year	Status as of December 2024
HG Emissions and Air Quality	Reduce absolute GHG emissions by 30% compared to the 2022 for operations established in or before 2022	2030	Ongoing: Target reporting will begin once the Group's comprehensive decarbonization strategy is finalized.

Group GHG emissions (tCO₂e) (Page 85)

Scope	2024	2023	2022
Scope 1	8,998,127	7,981,063	3,094,895
Scope 2	699	564	585
Scope 3	1,872,251	1,587,482	730,902
Group Total	10,871,077	9,569,109	3,742,161

Harita Nickel's Annual Report 2024, pages 56–61 and 110–111, showed that the majority of Harita's operations commenced after 2022 (73%).

<https://api.tbpnickel.com/storage/images/PDF/laporan%20tahunan%202024/Harita%20Nickel%202024%20Annual%20Report.pdf>

Product and Company	Operations commenced before or on 2022* (Capacity in tonnes/year)	Operations commenced after 2022* (Capacity in tonnes/year)	Page reference
RKEF			
MSP (commenced in 2017)	25,000		58
HJF (commenced in 2023)**		95,000	59 & 110
KPS (planned to commence in 2025)		60,000	111
HPAL			
HPL (commenced in 2021)	55,000		59
ONC (commenced in 2024)		65,000	61
TOTAL	80,000	220,000	

* Harita has not yet disclosed the baseline for operations established after 2022, which it has stated will be provided once the facilities are fully operational. Accordingly, production capacity is used to illustrate the extent to which operating capacity falls outside the scope of commitment.

** 1 line commenced in 2022, 7 lines commenced in 2023

Notes:

- MSP: Megah Surya Pertiwi
- HJF: Halmahera Jaya Feronikel
- KPS: Karunia Permai Sentosa
- HPL: Halmahera Persada Lygend
- ONC: Obi Nickel Cobalt