

We've been thinking about decarbonisation all wrong

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WE'VE BEEN THINKING ABOUT DECARBONISATION ALL WRONG

For too long, the conversation around sustainability has been framed as a zero-sum game. We are often told that to "save the planet," we must make trade-offs that might stifle economic growth, accept higher costs and make sacrifices. This narrative is not only demoralising, but also fundamentally incorrect.

Decarbonisation does not have to be a bitter pill we must swallow to offset the "sins" of progress. Instead, a low-carbon reality is the natural outcome of doing things better.

CARBON REDUCTION AS A MULTI-BENEFIT OUTCOME

If we stop chasing "carbon" as an isolated metric and instead focus on "good things," we find that decarbonisation can happen by default. Consider the following:

1. Energy security

Relying on volatile global fossil fuel markets is a strategic risk. The current Middle East conflict has clearly shown us why. When a nation invests in localised renewable grids such as wind, solar, and maybe even nuclear, it isn't just "going green.", it is securing its independence. A secure energy grid is inherently a lower-carbon grid.



We used to think of energy security and environmental sustainability as two distinct objectives and sometimes contradicting one another. But I think we are seeing now is that increasingly, they're mutually reinforcing objectives that energy security is environmental sustainability

- Ravi Menon, Singapore's Ambassador for Climate Action, ex-chief of Monetary Authority of Singapore (MAS)

2. Technological innovation

Yes, renewable energies bring with it its own set of issues such as intermittency that pressure the grid. But the solution to that is simple: batteries. Batteries help convert variable renewable energies into a fixed stable energy source. Quite importantly, batteries represent a set of foundational technologies that enable further technological advancement. Can you imagine your humanoid robots being corded or powered by fuel? This is an example of how a low carbon future is synonymous with growth and innovation. It is not a "cost". It's a multi-trillion-dollar market opportunity.

3. Energy Efficiency: Doing More with Less

Decarbonisation is often just another word for resource efficiency. Every kilogram of carbon not emitted usually represents a kilowatt-hour of energy saved or raw materials used more effectively. A factory that optimises its heat recovery systems is not just meeting a sustainability goal; it's lowering its cost structure and being more competitive. Low carbon can be synonymous and compatible with lower cost and higher profitability.

4. Heritage Conservation and Circularity

The greenest building may be the one that already exists. Heritage conservation is often viewed as a niche aesthetic preference, but it is actually a masterclass in sustainability. By retrofitting historic structures, we avoid the massive "embodied carbon" costs of new concrete and steel. We preserve the soul of our cities while naturally lowering their carbon footprint.

THE NEW FRAMEWORK: ABUNDANCE, NOT AUSTERITY

To reach a sustainable future, we must shift our language from "minimisation" to "optimisation." We are not looking for a world with less. We are looking for a world with better.

We should not be trading growth for sustainability. Rather, sustainable growth is the only kind of growth that is economically and socially durable.

Decarbonisation is an emergent property of well-functioning systems.

When countries strengthen energy security, emissions fall.

When technological innovation happens, emissions fall.

When companies improve efficiency, emissions fall.

When societies conserve valuable assets, emissions fall.

These are not sacrifices. They are improvements.

The path to a lower-carbon world is therefore not defined primarily by what we must give up, but by what we can build: more resilient energy systems, more technological innovation, more efficient industries, and more thoughtful stewardship of the resources we already have.

Decarbonisation, in this sense, is not the destination. It is the footprint left behind when progress moves in the right direction.

CONNECTING THE DOTS IS REWARDING

The connection between a low carbon outcome and all that we mentioned is not always immediately obvious. But if one is able to connect the dots as we did, it can reveal interesting investment opportunities that could be financially rewarding for a stock-picker.

For those that are too busy to pick stocks, the alternative option could be to participate via a diversified basket of stocks or ETFs. Take for instance, the Lion-OCBC Securities Singapore Low Carbon ETF, which provides diversified exposure to Singapore corporates with a lower carbon footprint. In 2025, this ETF was the top-dividend paying Singapore equities ETF listed on SGX and cumulatively outperformed other Singapore-focused ETFs[^] since its listing, demonstrating that sustainability considerations can be integrated with financial performance.

Invest in the Lion-OCBC Securities Singapore Low Carbon ETF – Singapore's Top Green Leaders. All in One ETF.

Performance by Fund (%)	1-Year	3-Year	Since Inception
Lion-OCBC Securities Singapore Low Carbon ETF (SGD)*	18.0	16.6	12.6

[^] Source: Bloomberg as of 31 Dec 2025, SGX ETF market highlights Q4 2025 as of 31 Dec 2025.

* Returns are based on NAV-NAV basis in SGD and assuming all dividends are reinvested net of all charges payable upon reinvestment. Past performance is not necessarily indicative of future performance. Return periods longer than 1 year are annualized. Source: Lion Global Investors Ltd / Morningstar as of 31 March 2026.

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