ESG

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ESG Country Updates

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Singapore

- The world's largest ocean-based carbon dioxide removal plant, Equatic-1, will be built in Singapore and is a collaboration between Singapore's water agency PUB, UCLA and Equatic. The S$26.9 million plant, once functional in 2025, will be able to remove around 3,650 tonnes of CO2 from the ocean annually while helping PUB to decarbonise its water treatment processes.

- The Singapore-based units of ExxonMobil Asia Pacific Pte. Ltd. and Shell Singapore Pte. Ltd. have formed the S-Hub consortium to work with the Singapore Economic Development Board as lead developers for a carbon capture and storage (CCS) project to reduce the country's emissions. The CCS project aims to capture and permanently store at least 2.5 million tons of CO2 emissions deep underground or under the seabed annually by 2030.

China

- According to China's vice minister for the environment, the country opposes the EU's carbon border tax because of the additional costs inflicted on poorer countries. He suggested collaborating on a global carbon market to be a better option than the EU tax. China has also unveiled new ESG disclosure rules for its biggest companies as it seeks to align with European requirements and attract foreign investment. Over 400 companies will need to publish sustainability reports by 2026, based on draft guidelines released by China's three main exchanges. The rules can support the standardisation of reporting in China and reduce greenwashing risks.

- Asian countries saw the largest increase of all regions in solar module imports from China in 2023, growing by more than European nations for the first time since 2020. This followed trade tensions with Europe over accusations that China undercut rival producers of solar equipment. Europe remained the largest overall destination for Chinese solar modules overall, but the region's share of total Chinese solar exports fell from 55% in 2022 to 46.35% in 2023.

Malaysia

- Petroleum Sarawak Bhd (Petros), Petronas subsidiary CCS Ventures Sdn Bhd, and three Japanese consortium parties signed a CO2 storage site agreement for the depleted M3 gas field offshore Sarawak. This paves the way for feasibility studies of the carbon storage sites, as well as the planning of CO2 storage site development.

Indonesia

- Indonesia is planning to develop cattle livestock in Kalimantan, Sulawesi, as part of efforts to reduce beef imports and targets for beef self-sufficiency by 2026. During President Joko Widodo's administration, the Ministry of Agriculture has issued policies to increase births, improve feed quality, and control disease in cattle.

Rest of the world

- Brazilian development bank BNDES will partner with the Glasgow Financial Alliance for Net Zero (GFANZ) to mobilise public and private financing for clean energy and nature restoration efforts e.g. reforesting the Amazon rainforest. Information on the value of the expected investment and timeline of the launch has not been disclosed.

- The European Parliament approved tougher penalties for environmental crimes such as illegal timber trade, with offences punishable by up to 10 years in prison and company directors prosecuted for corporate wrongdoing. Offenders will be required to help rehabilitate a damaged environment and pay compensation. This aims to prevent new environmental crimes at the EU level that includes offences such as illegal depletion of water resources and pollution caused by ships.

- EU countries are negotiating exemptions for a proposed EU-wide tax on polluting aviation fuel for islands, a move that could benefit countries such as Ireland, Cyprus, Spain and Greece. These countries are negotiating for softer rules as island territories are reliant on aviation and shipping for transport and trade. Based on a compromise proposal, islands would be exempted from the jet fuel tax until 2032. For other countries, a minimum EU tax rate would apply from 2028, and gradually increase, while EU member states would have the option to introduce their own national levies immediately after the policy is adopted.

Special Coverage: Climate-related disclosures moving from comply-or-explain to mandatory in Singapore

- Climate-related disclosures have been mandatory for listed firms in the financial, food and forest products and energy sectors since FY2023, and extends to listed firms in materials and buildings, and transportation industries from 2024. Others make disclosures on a ‘comply-or-explain’ basis but under new rules, all listed companies in Singapore will be required to make climate-related disclosures from FY2025, based on local reporting standards that are aligned with the International Sustainability Standards Board (ISSB).

- Key timelines:
    - FY2025 for listed companies
    - FY2027 for large non-listed companies (annual revenue of at least $1 billion and total assets of at least $500 million)

  - Around 2027 we will see a review whether to extend the requirements to smaller non-listed companies

- Disclosing Scope 1 and 2 GHG emissions would be mandatory. For Scope 3, there is more time as listed companies need to start disclosing from FY2026, and no earlier than FY2029 for large non-listed companies.

- This can be an onerous process for many companies, especially if the requirements are extended to smaller companies that will need more financial support and resources to build climate reporting capabilities, in order to comply with the requirements.

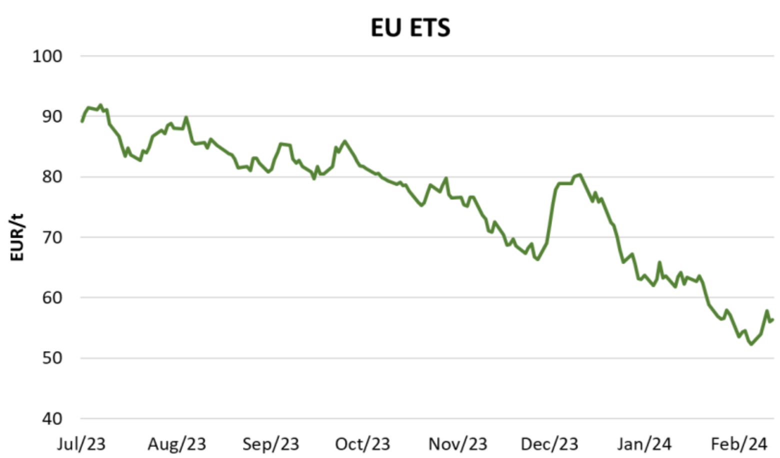
  - New Sustainability Reporting Grant and Programme from EDB and EnterpriseSG to support companies. For large companies, the grant defrays up to 30% of qualifying costs, capped at the lower of S$150,000 per company or 30% of the qualifying costs in the preparation of their first sustainability report.
  - For SMEs, a programme will be launched in late 2024 to help SMEs develop their first sustainability reports. EnterpriseSG will defray 70% of eligible costs for SMEs participating in the first year of the programme, and 50% of costs for the next two years.

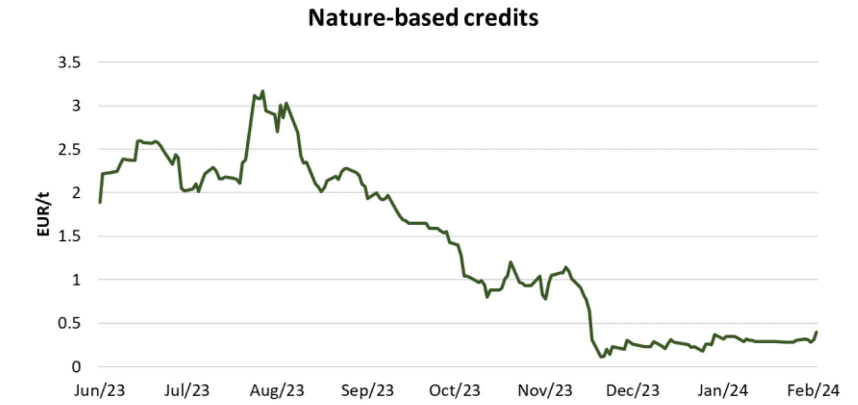
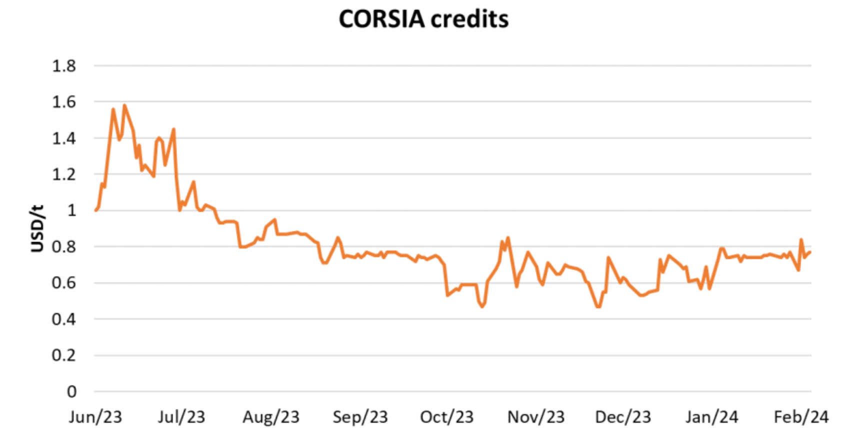
Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	56.37	7.9%	57.84	52.22
China (CNY/ton)	79.67	1.7%	81.64	78.33

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.40	33.3%	0.40	0.28
CORSIA	0.77	0.0%	0.84	0.67

Market	Description	Trend
EU ETS	The EU ETS price saw the first weekly gain of 2024 at 7.9% last week. The weather forecast is sending a slightly bullish signal to carbon prices with colder temperatures in Central Europe.	
China ETS	The China ETS price climbed to a four-month high and exceeded the 80 CNY/ton mark over the past week, amid increased liquidity. The outlook appears more positive ahead of the coming expansion of the China ETS.	

Market	Description	Trend
Voluntary Carbon Markets (VCM)	REDD+ activity remains subdued with little buying interest due to persistent integrity concerns. There is demand from corporate buyers for VCS-certified renewable energy credits sourced from India and China, possibly to replenish inventories that had been retired in December and January.	 

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect, Verra

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