

ESG

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ESG Country Updates

Singapore

- Singapore's marine biofuel demand could potentially double by 2025 to almost 1 million metric tons from 2023 levels as shipping companies seek to reduce emissions. As part of efforts to reduce emissions, more shipping companies have been conducting refuelling trials using marine biofuel instead of conventional fuel oil. Net carbon emissions can be reduced by almost 20% using a biofuel blend compared to using traditional fuel oil.
- The first public fast chargers for electric vehicles have been rolled out in HDB commercial carparks, that can allow drivers to get half of a full charge in 30 minutes on average. The new fast chargers are at Basement 2 of the HDB Hub in Toa Payoh and Basement 1 of the Oasis Terraces neighbourhood centre in Punggol. Singapore has also achieved the interim target of equipping one in three HDB carparks with EV chargers by 2023.

China

- Market players expect China's domestic compliance and voluntary carbon markets to see significant upgrades in 2024, such as high-level legislation, rebooting voluntary registry and expanding the ETS to new sectors. However, China has not released their Article 6 implementation plans and is waiting for Article 6 to be finalised for greater policy clarity at the UN level. The lack of progress on Article 6 negotiations at COP28 has delayed China's policymaking on this issue.

Malaysia

- Semarak Renewable Energy Sdn Bhd (Semarak RE) and PowerChina International Ltd's unit, China Hydropower (Malaysia) Co Ltd., have signed a RM1.88 billion agreement to develop Malaysia's first large-scale green hydrogen production project in Perak utilising floating photovoltaic power generation. This is part of efforts to contribute to the transition towards sustainable energy.

Indonesia

- The government is continuing to encourage the community to participate in actions to mitigate and adapt to climate change, such as doing their part for energy efficiency and forest and land fire prevention. This is done through programmes such as the Climate and Carbon Collaboration and Consultation House (RKKIK) to improve climate change literacy, and the Community for Climate (ProKlim) program.
- The Ministry of Environment and Forestry (LHK) is accelerating tree planting

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and mangrove rehabilitation initiatives throughout Indonesia, as part of efforts to mitigate and adapt to climate change. It aims to maximise tree planting although no target on the number of trees to be planted has been set, and restore 600,000 hectares of mangroves in all regions.

Rest of the world

- European Union (EU) countries added a record-high 17 GW of new wind power farms in 2023, but it was still insufficient to reach its renewable energy goal. At least 37 GW of new wind power should be added per year to deliver the EU's 2030 renewable energy target. The EU's wind power sector has struggled in the past few years because of rising inflation, increased competition and bottlenecks getting project permits.
- According to a draft European Commission plan, the EU plans to capture and store hundreds of millions of tons of CO₂ emissions by 2050 to ensure industries can meet Europe's climate goals. Most CO₂ captured in 2050 would be permanently stored underground, while some would be used in industrial processes like chemicals manufacturing.
- The US Environmental Protection Agency (EPA) sent to the White House its proposal to finalise sweeping emissions cuts for new cars and trucks through 2032 that may boost electric vehicle sales. The EPA in April 2023 proposed requiring a 56% reduction in projected fleet average emissions over 2026 model year requirements, and plans to finalise its new emissions rules by March 2024.

Special Coverage: Early adopters of nature-related financial disclosures

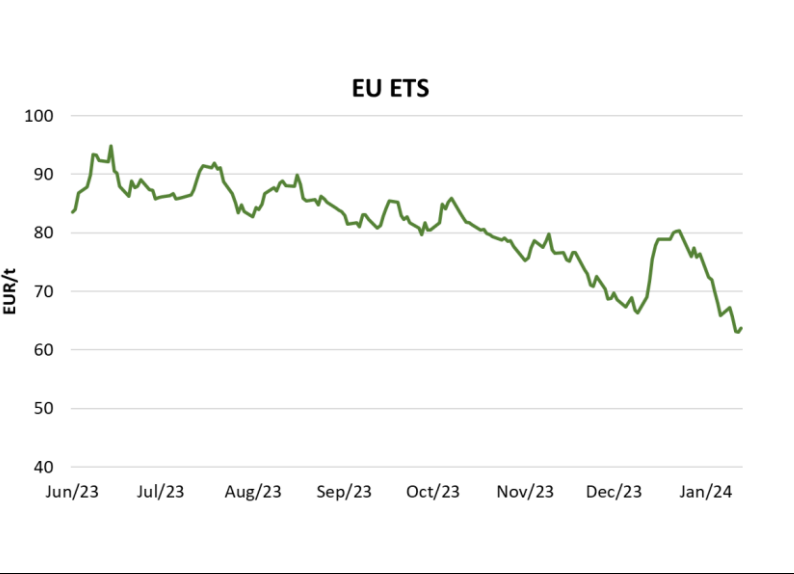

- The Task Force on Nature-related Financial Disclosures (TNFD) aims to help businesses understand and disclose the impact of their activities on nature. The TNFD framework, consistent with the Task Force on Climate-Related Financial Disclosures (TCFD) framework and International Sustainability Standards Board (ISSB), consists of four pillars: governance, strategy, risk management, and metrics and targets
- Over 300 organisations committed to start making nature-related disclosures as part of their annual corporate reporting, based on the TNFD recommendations published in Sep 2023 e.g. UOB, CDL, Olam, Standard Chartered Bank. The first cohort of adopters represent US\$4 trillion in market capitalization including more than 100 financial institutions.
- Applying the TNFD framework can allow companies to better understand how their operations interact with nature, to better mitigate nature-related risks. Companies related to construction, agriculture, and food and beverage products are particularly vulnerable. Aside from climate-related disclosures, nature-related disclosures are also expected to gain traction in the market and may soon become the norm.



Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	63.65	-3.3%	67.25	63.01
China (CNY/ton)	71.99	-0.5%	72.34	71.99

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.23	-25.8%	0.31	0.22
CORSIA	0.61	-14.1%	0.75	0.61

Market	Description	Trend
EU ETS	The EU ETS price saw another weekly loss of 3.3% and briefly plunged to a 17-month low last week. Strong auction results triggered some renewed compliance buying. The EU Commission is set to propose a 90% GHG reduction by 2040 compared to 1990 levels – policymakers are negotiating the EU Carbon Removal Certification Framework (CRCF). The CRCF would create certified units that could be used to achieve compliance targets for the EU in the future.	
China ETS	Weekly trading volume in the China ETS dropped to the lowest level since mid-June with prices moving slightly, while the CCER market saw increased liquidity amid expectations for policy progress. China plans to expand the ETS to cover cement and electrolytic aluminium this year, but it may begin with a simulation trading mechanism for the two sectors as a start.	

Market	Description	Trend
Voluntary Carbon Markets (VCM)	<p>Markets were still slow with only a few bids and offers for renewable energy credits with small volumes. Demand has slowed recently for projects from China, with preference for projects from India.</p> <p>Slow activity was also witnessed in the REDD+ segment last week, including for Katingan credits.</p>	<div style="text-align: center;"> <p>Nature-based credits</p>  </div> <div style="text-align: center;"> <p>CORSIA credits</p>  </div>

Source: Refinitiv Eikon, Carbon Pulse, Platts Dimensions Pro, Verra



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