ESG

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ESG Country Updates

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Singapore

- Singapore launched a new association called the Singapore Sustainable Finance Association (SSFA) to develop the local talent pool, industry standards and financing solutions required in sustainable finance. This aims to drive the development of a sustainable finance ecosystem and promote best sustainable finance practices in Singapore.

China

- China's installed solar electric power generation capacity rose by 55.2% in 2023, based on data released by the National Energy Agency. The government committed to construct 1,200 GW of renewables capacity by 2030, and is already on track to meet that goal five years early. This is part of plans to peak carbon emissions before 2030 and achieve carbon neutrality by 2060.

Malaysia

- Sarawak aims to boost its potential as a green hydrogen production and development hub when it hosts the Asia Pacific Green Hydrogen Conference and Exhibition (APGH 2024) this year, by attracting international investments and interest in being a destination for green hydrogen projects. As Sarawak is rich in natural resources and has an abundance of hydropower, it is looking to be a key producer and exporter of green hydrogen.

Indonesia

- Indonesia previously set a target for the share of renewables in Indonesia's energy mix to be 23%, but plans to revise down the target between 17 – 19% by 2025 as proposed by the National Energy Council (DEN). In 2023, renewables only made up 13% of Indonesia's energy mix, falling short of the interim target of 17.9% that the government aimed for the year to achieve the 2025 target. Conversely, coal production reached an all-time high last year. Greater funding and the implementation of stronger transformative policies can better support Indonesia in its energy transition.

Rest of the world

- The state-owned Abu Dhabi National Oil Company (Adnoc) said it would allocate US$23 billion for decarbonisation and lower-carbon projects, an increase from the previous target of US$15 billion. The increased budget includes investments to grow the company's domestic and international carbon management platforms, with the goal of reaching net-zero carbon emissions by 2045.

- The Biden administration is spending US$207 million on domestic fertiliser and renewable energy projects, as part efforts to boost supplier competition for US farmers and ranchers and help reduce energy costs for agricultural producers. Many of the projects are being funded by the Inflation Reduction Act, which is the country's largest-ever investment aimed at combating climate change.

- European Union lawmakers backed a two-year delay until June 2026 in sector-specific ESG corporate disclosures, to ease the regulatory burden on companies especially in a challenging macroeconomic environment. This also provides the European Financial Reporting Advisory Group (EFRAG) time to develop quality standards, as well as the time for companies to put them into practice.

- Colombia's renewable energy sector could see investments of up to $2.2 billion in 2024 across 66 projects. This includes developing renewable energy sources such as solar, wind and geothermal as part of efforts to wean off the country's dependence on fossil fuels. However, significant hurdles to renewable energy project implementation include resistance from indigenous communities and regulatory delays.

Special Coverage: Relaunch of China's voluntary carbon market

- The China Certified Emission Reduction (CCER) scheme, suspended since 2017, officially resumed trading on 22 Jan on the China Beijing Green Exchange. New project registration under the scheme was previously suspended because of low trading volume and a lack of standardisation in carbon audits. In 2023, the Chinese government launched the refined regulations and announced four methodologies for CCER issuance, which paved the way for the market's relaunch. The four methodologies are:
    - Forestation
    - Mangrove cultivation
    - Solar thermal power
    - Grid-connection offshore wind power

- The guidance outlined other types of projects that also have the potential to participate in the CCER market, including CCUS, sustainable agriculture, mitigation of methane escapes from production and transportation of fossil fuels, and waste treatment.

- The updated regulations aim to prevent double counting and ensure the genuine impact of CCER projects through comprehensive and accurate accounting of emissions reductions, which is critical to safeguard the environmental integrity of emission reductions. Currently, only domestic companies can participate in this market but the registry will be upgraded in the future to enable international transactions.

- On the opening day, the trade volume of CCERs totaled 375,315 mtCO2e, while the average trading price was CNY 63.51/mtCO2e. Overall, the relaunched and upgraded CCER Scheme is expected to supplement the China ETS to provide more diversified carbon financial instruments to accelerate China's progress in achieving its carbon neutral goal by 2060. China plans to expand its ETS to include cement and electrolytic aluminium this year, but may start with a simulation trading mechanism for the two sectors.

Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	63.58	-0.1%	65.82	62.04
China (CNY/ton)	72.87	1.2%	72.87	70.67

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.37	60.9%	0.37	0.18
CORSIA	0.57	-6.6%	0.69	0.57

<table>
<tr><th>Market</th><th>Description</th><th>Trend</th></tr>
<tr><td>EU ETS</td><td>The EU ETS price saw a marginal weekly decline of 0.1% after a late gas-driven rise in prices wiped out earlier losses. Compliance buyers could be attracted by the low prices recently.</td><td>
</td></tr>
<tr><td>China ETS</td><td>The China ETS price rose slightly by 1.2% over the past week amid lukewarm demand, while the relaunched voluntary carbon market (CCER) saw low liquidity as market participants remain cautious.</td><td>
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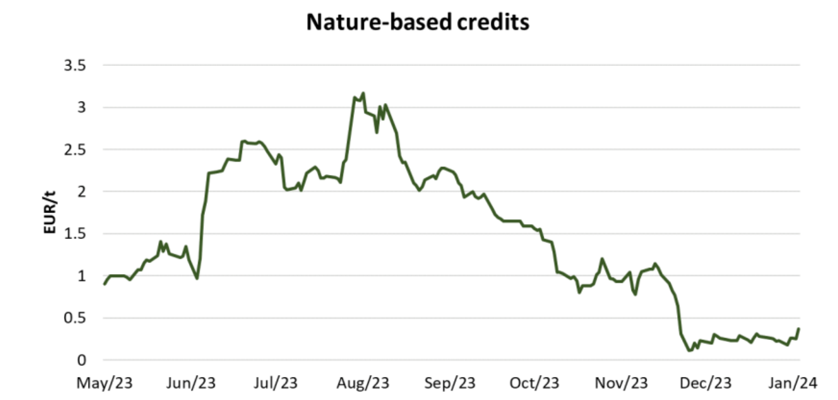
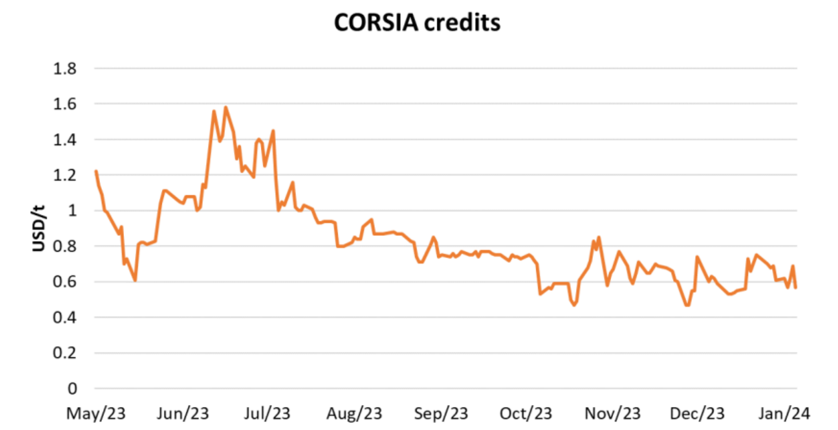
<tr><th>Market</th><th>Description</th><th>Trend</th></tr>
<tr><td>Voluntary Carbon Markets (VCM)</td><td>The nature-based avoidance segment saw few buyers and weak demand last week despite some interest. The Katingan project, one of the few projects still regularly trading in the REDD+ segment because of higher quality, has been stable in pricing through January so far amid the bearish market.</td><td>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Source: Refinitiv Eikon, Carbon Pulse, Platts Dimensions Pro, Verra

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