

ESG Country Updates

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Singapore

- The MAS launched the Singapore-Asia Taxonomy for Sustainable Finance, setting out detailed thresholds and criteria for defining green and transition activities that contribute to climate change mitigation across eight focus sectors. The Singapore-Asia Taxonomy adopts a traffic light classification system, such as green (activities aligned with 1.5 °C outcome) and amber (activities that move to 'green' over a defined period of time). It focuses on transition activities in ten sectors, i.e. energy, transport, real estate/construction, industry, forestry, carbon capture and storage, information and communications technology, waste, water and agriculture.

China

- In efforts to improve air quality, China released an action plan that aims to control total coal consumption and curb high-emissions projects. Other measures include developing new and clean energy, increasing natural gas production and promoting the use of electric vehicles. By 2025, China wants to cut the density of hazardous airborne particles (PM2.5) by 10% compared with 2020 and keep the number of days with severe pollution to less than 1%.

Malaysia

- Bursa Malaysia, Malaysia's stock exchange, launched an ESG reporting platform for mandatory disclosures under the exchange's enhanced sustainability reporting requirements on 4 Dec.

Indonesia

- Climate Action Tracker (CAT) revised Indonesia's climate targets and actions from 'highly insufficient' to 'critically insufficient', based on the details of its Just Energy Transition Partnership (JETP). The cash allocation was also highly insufficient to achieve its intended outcomes, as the majority of cash provided came in the form of loans instead of grants. According to CAT's analysis, Indonesia's nickel industry, which is being powered by off-grid power plants, can support Indonesia and the world's energy transition.

Rest of the world

- The world could exceed the 1.5 °C global warming threshold in 7 years as a result of CO2 emissions continuing to rise, according to the Global Carbon Project assessment led by an international association of climate scientists. Fossil fuel CO2 emissions edged 1.1% YoY higher in 2022, with China and India leading as the world's first and third largest emitters, respectively. The report estimated a 50% chance that global warming will surpass the Paris Agreement's goal of 1.5 °C. The association of climate scientists presented these findings at the COP28 in Dubai, urging nations to "act now" on coal, oil and gas pollution, as reported by CNA.

- Texts regarding Article 6 on carbon markets have been forwarded to the second week of COP28, with Parties far from reaching a consensus and some described certain sections as being ‘unacceptable’. For Article 6.2, the issue of revoking of credits by host countries are still not agreed upon by all parties. Much of the disagreements were around the methodologies to be adopted and definitions for removal credits under the Article 6.4 market mechanism.
- At COP28, countries could not agree to phase out fossil fuels with OPEC pushback. Saudi Arabia and Russia insist to focus on reducing emissions rather than fossil fuels, with high hopes on the potential of carbon capture technology. Other countries including India and China have not explicitly endorsed a fossil fuel phase-out at COP28, but have backed a popular call for boosting renewable energy.

Special Coverage: COP28 developments

Loss and damage:

- COP28 began with a historic agreement to formally establish a loss and damage fund to support especially vulnerable countries dealing with the effects of climate change. As estimates for the annual cost of damage have varied from US\$100 billion to US\$580 billion, pledges so far (just over US\$700 million) fall short of what is required.

Article 6:

- Singapore progressed with international carbon credit agreements on the sidelines of climate talks. Singapore has substantively concluded negotiations on separate implementation agreements with Bhutan and Paraguay at COP28. Singapore also signed MoUs for collaboration on carbon credits with Rwanda and Fiji. Singapore and Papua New Guinea signed an implementation agreement on carbon credit cooperation, marking the first implementation agreement for Singapore.
- Parties could not reach a consensus on Article 6 and some described certain sections as being ‘unacceptable’. For Article 6.2, the issue of revoking of credits by host countries are still not agreed upon by all parties. Much of the disagreements were around the methodologies to be adopted and definitions for removal credits under the Article 6.4 market mechanism, such as accounting and the scale of removal activities.
- Singapore’s National Climate Change Secretariat (NCCS), Gold Standard and Verra announced a collaboration to develop a playbook outlining consistent and streamlined standard operating procedures that countries can use to increase their use of existing carbon crediting programs to achieve and exceed their Nationally Determined Contributions (NDCs) under the Paris Agreement. This comes as it is

nearing the end of the conference but Parties have not reached a consensus on Article 6 discussions, and discussions are expected to extend beyond the scheduled end date of COP28.

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12 December 2023

Carbon Markets Analysis

Global Carbon Market Prices



ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	66.82	-3.1%	72.49	68.64
China (CNY/ton)	67.91	-3.6%	72.64	67.91

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	1.01	-6.5%	1.14	1.01
CORSIA	0.69	6.2%	0.70	0.65

Market	Description	Trend
EU ETS	The EU ETS prices fell by 3.1% to €66.82/t last week. The short-term weather forecast is sending a bearish sentiment to the market, with warmer temperatures and increasing wind power output. The upcoming expiration of Dec-23 options will also add some volatility to EU ETS prices.	 <p>EU ETS</p>
China ETS	The China ETS price fell 3.6% to a 3-month low at 67.91 CNY/t, amid shrinking compliance demand. On the other hand, liquidity in the national offset market remained stable. Improved liquidity can be attributed to China setting a deadline on the use of previously issued domestic carbon credits, encouraging market participants to clear their inventory before the deadline.	 <p>China ETS</p>

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Market	Description	Trend
Voluntary Carbon Markets (VCM)	<p>The VCMs were mildly volatile last week with reported trading activity across nature-based avoidance standardised contracts and the renewable energy sector, while other segments remained stable on low demand. More market activity is expected after the holiday season and following outcomes from COP28.</p> <p>At COP28, Singapore’s National Climate Change Secretariat (NCCS), Gold Standard and Verra announced a collaboration to develop a playbook outlining consistent and streamlined standard operating procedures that countries can use to increase their use of existing carbon crediting programs to achieve and exceed their Nationally Determined Contributions (NDCs) under the Paris Agreement.</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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