

ESG Country Updates

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Singapore

- SP Group and Frasers Property will be developing and implementing smart energy solutions at Binh Duong Industrial Park (BDIP) in Vietnam, to increase energy savings and reduce carbon emissions for tenants. This will include the installation of green infrastructure such as solar cells and electric vehicle charging stations.
- Singapore and Vietnam signed new agreements in the areas of green economy, innovation and skills development. This included deals on sustainable urban development and infrastructure, as well as a legally binding implementation agreement on the trading of carbon credits compliant with Article 6 of the Paris Agreement.
- Under the Lim Chu Kang masterplan, the Singapore Food Agency is considering a “stacked farm approach” to intensify land use and grow certain produce in the basement. The masterplan aims to preserve existing ecology and minimise impact on nature. There are also plans for the district to be car-lite and harness renewable energy using solar panels in greenhouses.

China

- China’s Guangdong province has released a plan to expand the scope of its regional ETS by the end of 2030. The Guangdong ETS was first launched in 2013 and covers around 40% of the province’s emissions, including emissions from sectors such as cement, steel, petrochemicals and domestic aviation sectors.

Malaysia

- Malaysia will launch its Hydrogen Economy and Technology roadmap by 2023 with the aim of becoming a main green hydrogen export hub by 2027. Sarawak state intends to utilise its vast hydro electricity generation capacity to support green hydrogen production.

Indonesia

- Germany's Augustus Global Investment plans to invest US\$500 million in Indonesia's Aceh province to build a green hydrogen plant in 2024 with an annual output capacity of 35,000 metric tons green hydrogen. The plant is expected to start production by 2026, with plans to export green hydrogen to Germany, Japan and other countries in Southeast Asia.

Rest of the world

- Several companies including Mitsui & Co Ltd and Mitsui Chemicals will be conducting a joint study for establishing a hydrogen and ammonia supply chain in the Osaka coastal industrial zone. Eneos and Osaka Gas

will also be studying the construction of a large e-methane facility to be located in the Osaka Bay area based on green hydrogen.

- The European Securities and Markets Authority (ESMA) said that the surge in money going into biodiversity funds as the next frontier of ESG investing requires increased monitoring to avoid greenwashing, especially for biodiversity where it is difficult to have standardised metrics.

Special Coverage: Latest Guardian report on 'worthless' carbon credits

- The Guardian reported on 24 Aug that carbon credit speculators could lose billions of dollars as many carbon offsets are deemed worthless and have become stranded assets. According to the report, the number of carbon credits that are unused are growing and many projects have inflated their positive impact. The article also mentioned that it is currently a buyers' market and buyers are prioritising high-quality carbon credits.
- Bad press on carbon credits is not new as it is already known that there are low-quality carbon credits in the market. Following media reports from January this year on the credibility of credits, many segments of the voluntary carbon markets such as the cookstoves and nature-based avoidance segments were impacted. Since then, the markets have been seeing a bearish trend, with limited activity recently due to the summer holidays in Europe.
- Many market participants have been prioritising quality to avoid greenwashing accusations, on top of increased scrutiny from regulators. Although there are low-quality credits in the market, the number of high-quality carbon credits may increase as the market and registries mature. Carbon credits with newer vintages are usually priced higher on the market, as they tend to be of higher quality because MRV protocols and methodologies have improved over time. According to Bloomberg, carbon credits with older vintages are sold for a 24% discount on average across different sectors and geographies.
- Efforts by the Integrity Council for the Voluntary Carbon Market (ICVCM) to restore confidence in the VCM with the Core Carbon Principles (CCP) has not yet seen results, as there is still uncertainty regarding which projects will be eligible under the CCP label. With expected increase in demand for high-quality carbon credits, the CCP label aims to help resolve credibility issues that VCMs are facing by raising the bar on carbon credit transparency and integrity. Changes in the market may take some time as market players wait for clearer signals.

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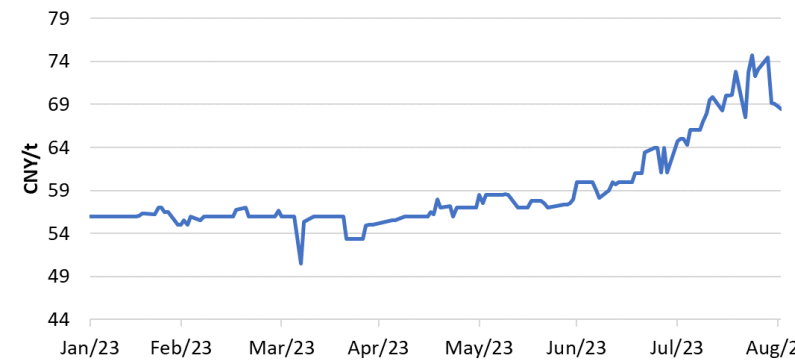
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Carbon Markets Analysis

Global Carbon Market Prices

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	85.27	-0.1%	86.24	84.77
China (CNY/ton)	68.43	-6.3%	74.46	68.43

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	3.03	3.1%	3.03	2.70
CORSIA	0.87	-4.4%	0.95	0.87

Market	Description	Trend
EU ETS	EU ETS prices saw a marginal weekly decline of -0.1% to €85.27, as the market began to adjust to a higher auction supply. Carbon analysts are anticipating a slow growth trajectory to €200 by the end of the decade.	<p>EU ETS</p> 
China ETS	The China ETS saw an increase in trading volume last week despite a 6.3% decrease in prices. Prices came off the peak level of 74.46 CNY/t last Monday.	<p>China ETS</p> 

Market	Description	Trend
Voluntary Carbon Markets (VCM)	<p>The overall damp macroeconomic sentiment has led to buyers delaying their purchases to next year. Since the release of the Integrity Council for the Voluntary Carbon Market's (ICVCM) Core Carbon Principles (CCP) Assessment Framework, buyers are also holding back so they can purchase CCP-labelled credits. The certification may bring further clarity on the quality of credits, and trading activity in the VCM may increase when it is clear which credits have obtained the CCP label.</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

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