

## ESG

9 April 2024

## ESG Country Updates

## Singapore

- Ultra-fast EV chargers are slated to be installed in Singapore by the end of 2024. EV-electric (EVe), a subsidiary of the Land Transport Authority, signed an agreement with Huawei to bring in these chargers that can fully charge an EV within 30 minutes. Under the agreement, EVE and Huawei will use solar panels and battery energy storage systems to power the chargers, therefore reducing the load on the electricity grid. These new chargers are meant to serve EV users such as taxi and delivery drivers who need to recharge their vehicles frequently and quickly. This is part of efforts to enhance EV infrastructure for EV users in Singapore to push for greater adoption of EVs.
- The former chief of the Monetary Authority of Singapore, Ravi Menon, will be Singapore's first Ambassador for Climate Action and senior adviser at the National Climate Change Secretariat (NCCS). He will represent Singapore at international climate action platforms, as well as drive public-private partnerships with local stakeholders to capture opportunities in a low-carbon future.
- Singapore's carbon tax transition framework, meant to help carbon tax-liable companies remain competitive while coping with higher carbon tax rates, will be revealed with further details in about a year. The government has been engaging about 20 companies on the carbon tax transition framework, including companies from the chemicals, electronics and biomedical manufacturing sectors.

## China

- China has started consultation for enrolling aluminium smelters into the China ETS, with the consultation closing on 31 Mar. To reduce liable emissions under the ETS, companies may be driven to adopt green technologies and non-fossil fuels. Aluminium smelters also have to report carbon tetrafluoride (CF<sub>4</sub>) and carbon hexafluoride (C<sub>2</sub>F<sub>6</sub>) emissions, which signals efforts to cover other greenhouse gases other than CO<sub>2</sub> under the China ETS.
- China's Xiaomi launched its first electric vehicle, the Speed Ultra 7 (SU7) sedan, in Beijing on 28 Mar. Xiaomi has pledged to invest US\$10 billion in automobiles over a decade and is one of the few new players in China's EV market to gain approval from authorities who have been reluctant to add to a supply glut. Amid weaker domestic demand, BYD has conducted price cutting this year in a bid to increase sales.

## Malaysia

- The Securities Commission Malaysia (SC) estimates that 75% of Malaysia's

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exports to the EU will be impacted by the EU's Carbon Border Adjustment Mechanism (CBAM), albeit accounting for only about 8% of Malaysia's total exports in 2021 to 2023. With the rise of more ESG-related standards and requirements at both the international and domestic level, more firms are being encouraged to relook at their business sustainability strategies to incorporate green transition plans.

- Petronas has signed a joint study agreement with Japanese power generation company JERA to evaluate the separation and capture of carbon dioxide emitted by JERA in Japan, for cross-border transportation and CO2 storage in Malaysia. This study can strengthen the carbon capture and storage value chain in Asia and enhance decarbonisation efforts.

### Indonesia

- Indonesia's Coordinating Minister for Maritime Affairs and Investment aims to complete the digitization of the tin management system by June 2024 to prevent corruption. This can enable transparency in tracing the origin of the tin, tax payment and tracking royalty payments. There are plans to expand the digitization to the management of nickel, palm oil, and other natural resource products in the future.

### Rest of the world

- Over-the-counter trade has slowed in the voluntary carbon market and retirement levels have fallen ahead of the announcement at the end of the month regarding the methodologies that will qualify for the Core Carbon Principles (CCP) eligibility criteria indicating high integrity. Abatable's review of 80 methodologies revealed that only 6.4% of historical issuances in the market confidently meet the CCP eligibility criteria, translating to only 3.8% (32 mn) of all available carbon credits in the market today.
- Australia will be setting up a US\$653 million fund to expand solar panel manufacturing for homes, as part of efforts to accelerate the transition to renewable energy from coal power. Currently, only 1% of installed roof solar panels in Australian homes are manufactured in the country. Increasing domestic manufacturing of solar panels can avoid issues caused by supply chain disruptions and provide more jobs as coal-fired power stations retire.
- EU carbon market emissions fell by a record 15.5% in 2023 as renewable power output increased. The largest decrease was in the power sector, which saw a 24% drop in emissions compared to 2022 levels, as a result of an increase in electricity production from wind and solar energy.

## Special Coverage: Climate Action Data (CAD) Trust covers 85% of carbon credit market

- CAD Trust, a platform by the Singapore Government, World Bank and the International Emissions Trading Association, aims to enhance transparency and confidence in carbon markets by tracking the full cycle of carbon credits.
- The data dashboard, launched at COP28 in Dec 2023, is publicly available and free. It has grown to cover 6 registries (including Verra) which represents 85% of all credits issued to date. It is set to expand coverage in 2024 by onboarding more registries. The top five source countries for visitors are the US, Britain, Singapore, India and Canada.
- When more carbon credit registries are brought on board, this platform can enhance the transparency of carbon credits, minimise double counting and increase the overall integrity of carbon markets.



**Carbon Markets Analysis**

**Global Carbon Market Prices**

ETS Markets	Price	Weekly Change	Week High	Week Low
EU (EUR/ton)	60.58	-3.0%	62.43	57.41
China (CNY/ton)	87.67	-2.2%	90.66	87.67

Voluntary Carbon Markets	Price	Weekly Change	Week High	Week Low
Nature-based	0.49	-2.0%	0.50	0.42
CORSIA	0.64	-8.6%	0.75	0.64

Market	Description	Trend
EU ETS	The EU ETS price saw a weekly loss of 3% last week, despite reaching a 5-day high at the end of Friday. The signal from the weather is bearish because of warmer weather that will dent the demand for heating, therefore reducing EUA demand.	<p><b>EU ETS</b></p>
China ETS	The China ETS price reached yet another all-time high of 90.66 CNY/ton last week, before retreating amid shrinking liquidity ahead of the Qingming Festival holidays. China has also released draft emissions guidelines for the steel sector, in preparation for the expansion of the ETS. It may take longer to include the steel sector because of data quality concerns.	<p><b>China ETS</b></p>

Market	Description	Trend
<p>Voluntary Carbon Markets (VCM)</p>	<p>The REDD+ segment continues to grapple with low market interest. The Integrity Council for Voluntary Carbon Markets (ICVCM) has approved three voluntary carbon programmes for Core Carbon Principles (CCP) eligibility, namely Gold Standard, American Carbon Registry and Climate Action Reserve.</p> <p>Verra’s VCS is still pending approval, and will be assessed by May 2024 alongside ART TREES, Social Carbon and Isometric. This marks a step towards greater clarity in carbon markets through the labelling of credits issued via ICVCM’s methodologies with the CCP stamp.</p>	<div style="text-align: center;"> <p><b>Nature-based credits</b></p>  </div> <div style="text-align: center;"> <p><b>CORSIA credits</b></p>  </div>

Source: Refinitiv Eikon, Carbon Pulse, Platts Connect



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