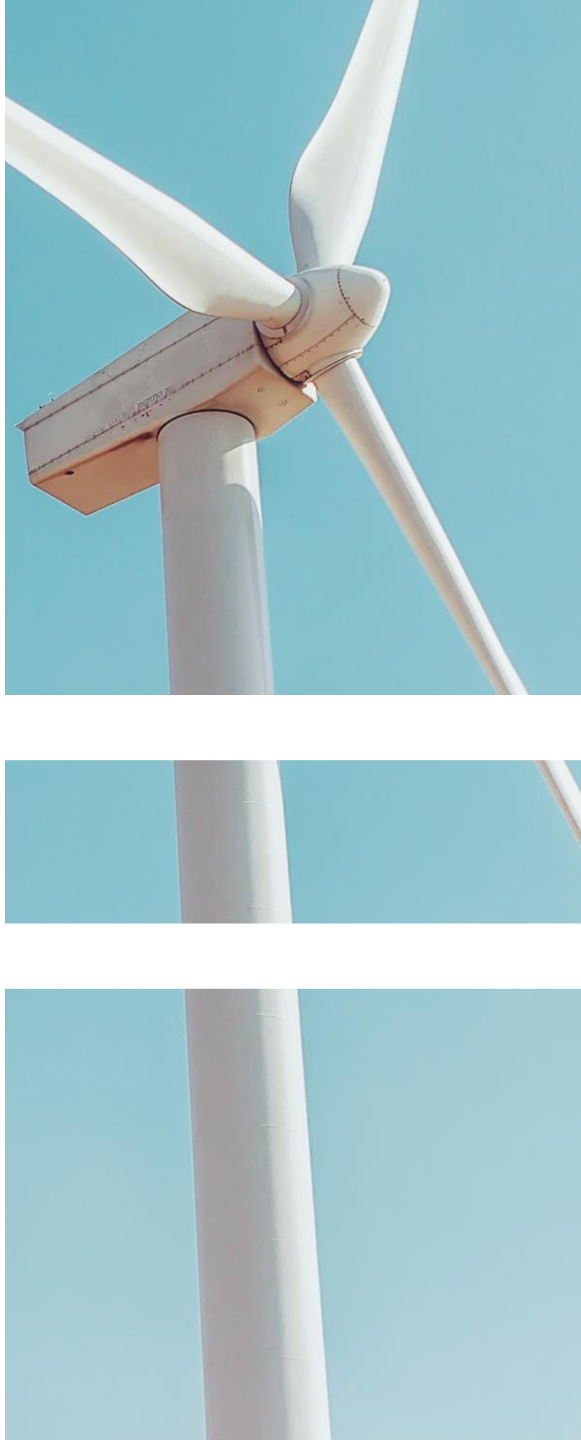
ESG Digest #20

February 2024



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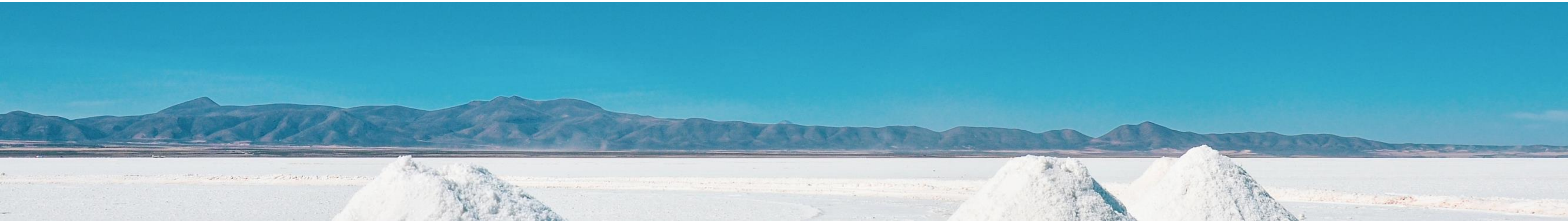

GRI launched Sustainability Reporting Standard for Mining sector

The Global Reporting Initiative (GRI), one of the leading organizations promoting standardized ESG reporting, announced the launch of its new mining sector reporting standard. According to GRI standards, companies disclose non-financial information about their environmental impact and contribution to sustainable development.

The GRI 14: Mining Sector Standard provides recommendations for disclosing information about 25 topics in the field of sustainable development, including: greenhouse gases, regulation of air emissions, waste management.

The effective date for GRI 14 is 1 January 2026, however, enterprises are encouraged to switch to the standard as soon as possible. This Standard applies to all organizations engaged in mining and quarrying, including exploration and extraction, primary processing, and related support services (with the exception of coal, oil and gas, for which GRI Sector Standards are already available).

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China sets tougher regulations for Carbon Trading Market

China has toughened rules for industrial polluters participating in the carbon trading market, setting stricter penalties for emissions data fabrication.

The State Council has released an interim regulation with several provisions for the management of China’s carbon Emissions Trading Scheme (ETS). The revised regulations have given the Ministry of Ecology and Environment (MEE) more power to oversee and manage carbon emissions trading activities while reducing the supply of free allowances to facilitate emission reductions. Under the rules, market participants found to have concealed or misreported emissions data could face penalties of up to RMB2m (USD278,000) and deductions from their future pollution allowances.

The new rules will be effective from May 1, 2024.

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European Commission proposes new target to cut EU emissions by 90% by 2040 and boosts carbon capture

The European Commission unveiled its anticipated recommendation to set a target to reduce net greenhouse gas emissions by 90% by 2040, compared to 1990 levels, in accordance with the recommendations of climate scientists.

A legislative proposal will be made by the next Commission, after the European elections, and agreed with the European Parliament and Member States as required under the EU Climate Law. This recommendation is in line with the advice of the European Scientific Advisory Board on Climate Change (ESABCC) and the EU's commitments under the Paris Agreement.

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In addition, the European Commission announced the release of its strategy to significantly increase industrial carbon capture, storage and utilization capacity across the EU over the next several years. This strategy outlines ambitious targets for CO_2 storage capacity, aiming for 50 million tonnes per year (mtpa) by 2030, scaling up to 280 mtpa by 2040, and 450 mtpa by 2050, emphasizing the role of carbon capture and storage, carbon capture and utilisation, and carbon removal in tackling emissions from challenging sectors.

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China announces mandatory Sustainability Reporting Requirements for companies

China's three major stock markets, the Shanghai Stock Exchange (SSE), Shenzhen Stock Exchange (SZSE), and Beijing Stock Exchange (BSE), announced the publication of new sustainability reporting guidelines for listed companies.

More than 400 companies, including those in key stock indexes, will be required to report on their governance, strategy, impact, risk and opportunity management, indicators and goals for improving their sustainability.

The requirements outlined a double materiality approach, which requires companies to report on the impact their activities have on the environment as well as the risks and impact of environmental factors on their business.

Reporting is set to begin in 2026 for the 2025 reporting period.

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UK requires developers to deliver Net Biodiversity Improvement on housing, infrastructure projects

The UK government announced a new requirement for developers to deliver a Biodiversity Net Gain (BNG) of 10% for all major building projects, improving the overall status of natural habitats and ecosystems across new housing, industrial or commercial developments. The new requirement is aimed at transforming the landscape of development projects. Instead of being a source of habitat loss, developers are now required to create new habitats, or enhance existing ones on the development site.

The BNG requirement will apply to new developments, with implementation for small sites of 1-9 dwellings beginning in April 2024, and for Nationally Significant Infrastructure Projects expected in late 2025.

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Singapore plans to require all flights departing the country to use sustainable aviation fuel (SAF) from 2026, as the city-state joins the global aviation industry's efforts to switch to greener fuel.

Under the plan, the country aims for a 1% SAF target from 2026 and plans to raise it to 3-5% by 2030, subject to global developments and the wider availability and adoption of SAF.

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Singapore to require sustainable aviation fuel use on all departing flights from 2026

Malaysia launches consultation on adoption of IFRS Sustainability Reporting Standards

The Advisory Committee on Sustainability Reporting (ACSR), chaired by the Securities Commission Malaysia (SC) has launched a consultation for the adoption of the ISSB standards. The consultation paper aims to seek feedback on the following:

- the use and application of IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information and IFRS S2 Climate-related Disclosures, including the required transition reliefs;
- the approach in relation to a sustainability assurance framework; and
- enablers and/or support required for (a) and (b).

The consultation is open for comment until 21 March 2024.

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SIX launches solution enabling banks to assess sustainability of small businesses in their loan books

The global financial information provider SIX and sustainability reporting software provider Greenomy announced the launch of a new solution aimed at enabling SIX’ banking clients to efficiently assess the sustainability performance and transition trajectories of their small to medium enterprise (SME) loan customers.

The new solution comes as banks increasingly set commitments to monitor and improve the sustainability performance of their financing activities, and as they face growing regulatory pressures to report on ESG aspects of their business’ value chains.

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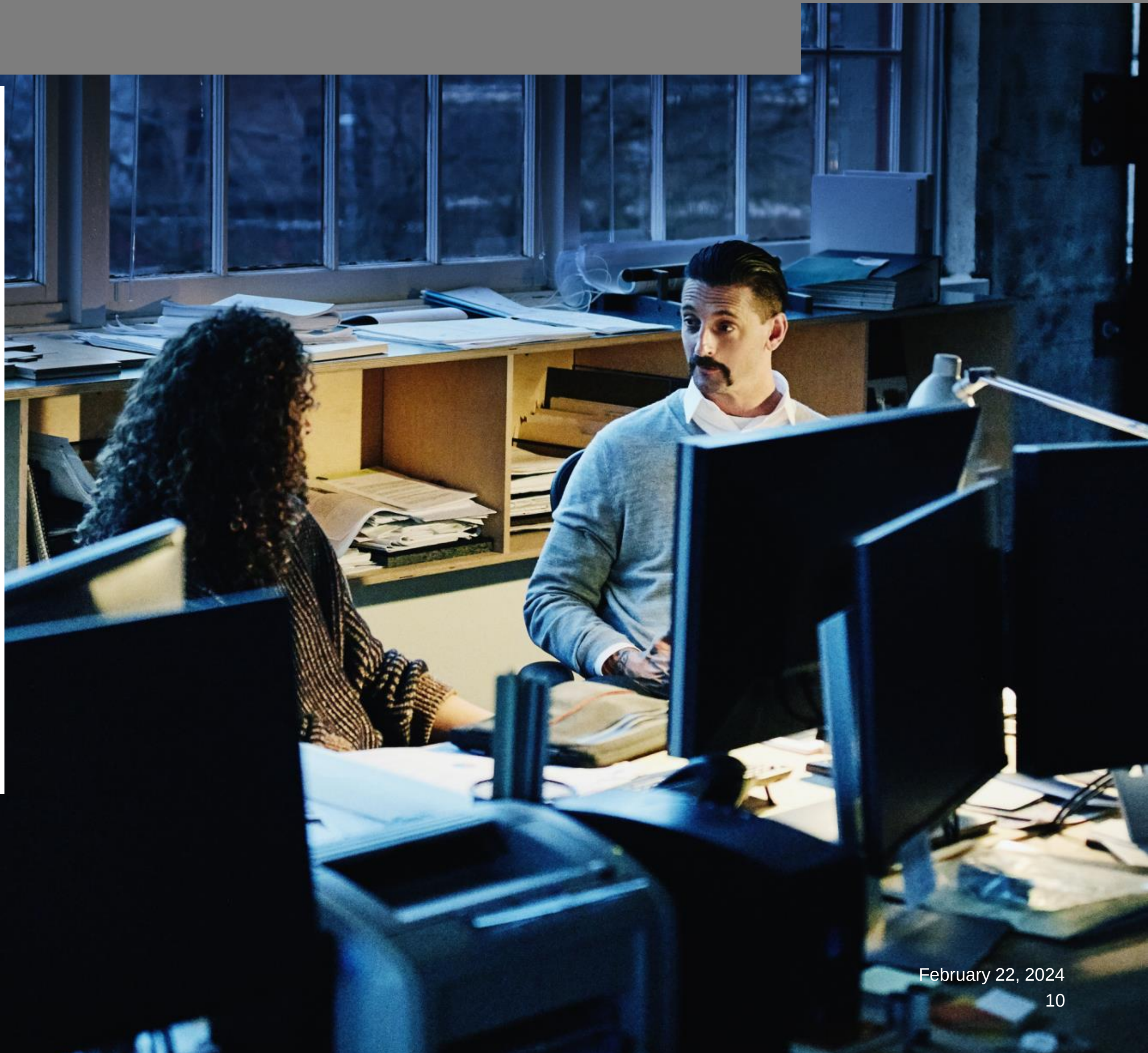

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