

Policy Updates – September 2024

Policy Engagements

AIGCC submitted responses to the following consultations on sustainability standards:

- [Korean Sustainability Disclosure Standards](#)
- [Japan's Sustainability Disclosure Standards Exposure Drafts](#)
- [China's Three Stock Exchanges' Self-Regulatory Supervision Guidelines for Listed Companies – Sustainability Report](#)

AIGCC has also been appointed as [Industry Advisory Panel member to the Joint Sustainable Finance Working Group \(JSFWG\)](#), for a two-year term. The JSFWG is jointly organised by [The ASEAN Capital Markets Forum](#) and the ASEAN Working Committee on Capital Market Development.

Policy Updates in the Region

1. Global/ASEAN

G7 Leaders' Communique Published

The [G7 Leaders' Communique](#) has expressed support for:

- Ambitious 1.5°C-aligned nationally determined contributions (NDCs),
- Green finance through: implementing carbon pricing, investing into green bonds and biodiversity credits, increasing adaptation finance,
- Climate resilience: halting biodiversity loss, promoting Climate Resilient Debt Clauses, and
- Enhancing global food security and resilience.

The Communique also expressed support for stepping up on renewable energy and transitioning away from fossil fuels, specifically:

- doubling energy efficiency, deploying 1500 GW of energy storage by 2030,
- reducing methane emissions by 75% by 2030,
- tripling nuclear power, and developing nuclear fusion. (Jun 2024)

Common Data Infrastructure for ASEAN Exchanges

Leaders of the [ASEAN Exchanges agreed to establish a common ASEAN data infrastructure](#), which aims to provide ESG capacity building for listed issuers, incentivise

quality reporting to promote transition financing, and offer ESG awards for high performing businesses. (Jul 2024)

2. China

New Rules and Guidelines Related to China's Green Transition

- The Chinese government has unveiled a [set of guidelines](#) to **ramp up green transition in all areas of economic and social development**. The guidelines aim to optimise the development and protection of territorial space, promote the green and low-carbon transition in industrial structure and the energy sector, as well as promote a green transition in the transport sector and urban-rural development. (Aug 2024)
- The Ministry of Ecology and Environment (MEE) has published [new rules](#) for its **national carbon market**, aimed at reducing an oversupply of permits to compel large polluters to accelerate their green transitions. Market participants will no longer be able to borrow allowances from future years. It will also place stricter limits on carrying over unused permits from previous years. (Jul 2024)

New Roadmaps on Carbon Emissions

- China's State Council announced a new ["dual control" plan](#) that will set **an absolute limit on its carbon dioxide (CO2) emissions for the first time**. This means shifting to "dual control" of total CO2 emissions and carbon intensity instead of total energy use and energy intensity. The document, outlining a timeline for China to construct this new system for carbon "dual-control", will be a key element of the country's strategy to meet its climate goals. (Jul 2024)
- China's National Development and Reform Commission and National Energy Commission have jointly issued a [government plan to cut carbon emissions in its coal power industry](#) by piloting the firing of power plants using coal mixed with either green ammonia or biomass, as well as by employing carbon capture, utilisation and storage technologies. The government encourages local authorities to support and subsidise low-carbon projects. By 2027, the government aims to expand low-carbon projects and lower operating costs, as well as cut average carbon emissions by 50% from 2023 levels. (Jul 2024)
- The MEE has compiled a plan on [carbon footprint management](#) for the purpose of contributing to international rules on **disclosing product-specific emissions**. (Jun 2024)
- China's State Council released an [action plan for energy conservation and emissions reduction](#) in various sectors for 2024-25, targeting the **reduction of energy consumption and emissions by unit of GDP**. (May 2024)

Other Updates

- The Ministry of Finance issued the [Exposure Draft of Chinese Sustainability Disclosure Standards for Business Enterprises-Basic Standard and Explanation of the Drafting](#), advocating for a unified sustainability disclosure standards based on International Sustainability Standards Board (ISSB), that is also aligned with China's context. (May 2024)
- The MEE and 8 other departments announced [the first batch of pilot projects aimed at deepening the climate-resilience of 39 cities](#). (May 2024)

3. Hong Kong

Updates from HKMA

- HKMA announced the launch of the [beta version of its physical risk assessment platform](#), allowing for limited early access. (May 2024)
- HKMA updated its [Green and Sustainable Finance Grant Scheme](#) and related guidelines to expand coverage to include **transition finance bonds and loans**. (May 2024)

Updated Hydrogen Strategy

- Hong Kong announced its [Hydrogen Strategy](#) and plans to issue legislation in H1 2025 to provide **a legal framework for the manufacture, storage, supply, and use of hydrogen as a fuel**. It also plans to develop a certification scheme. (Jun 2024)

4. India

Taxonomy Guidelines

- Finance Minister Sitharaman announced that a [climate finance taxonomy will soon be developed](#), with the related costs included in the 2024 Union Budget. (Jul 2024)

Consultation Paper on Business Responsibility and Sustainability Report (BRSR)

- The Securities and Exchange Board of India (SEBI) has released a [consultation paper on “facilitating ease of doing business” related to Business Responsibility and Sustainability Report \(BRSR\)](#). (May 2024)

5. Indonesia

Updates from Otoritas Jasa Keuangan (OJK)

- In partnership with the Australian Embassy and Australia Indonesia Partnership for Economic Development (Prospera), the [two nations will cooperate on climate risk stress testing](#) to project financial impacts. (Jun 2024)

6. Japan

Green Transformation (GX)

- The [3rd GX2040 Leaders Panel](#) covered the expansion of renewables, restarting of nuclear plants, treatment of coal-fired power plants based on international discussions, and grid development nearby carbon free sources. (Aug 2024)
- [The newly launched GX Acceleration Agency](#) is tasked with providing financial support such as debt guarantees, collecting fossil fuel levies, and operating the emissions trading system to help achieve 150 trillion yen of GX investment. (Jul 2024)
- [The GX 2040 Vision](#) highlights expected electricity demand increases, energy security, and ambition in response to the climate crisis. It also highlights upcoming technologies and plans for industrial development. (May 2024)

Updates from the Financial Services Agency (FSA)

- The FSA published a [report on scenarios and data for assessing climate risks and opportunities](#), which outlines issues and expectations for stakeholders. (Jul 2024)
- Japan passed an [amendment for the Financial Instruments and Exchange Act](#), allowing for [less restricted shareholder engagement and proxy voting](#). It is intended to enhance transparency and strategic engagement opportunities for equity investors, while offering asset management companies innovative business models and expanded investment options. (May 2024)

Updates from the Ministry of Economy, Trade and Industry (METI)

- METI held the [55th Basic Policy Subcommittee](#) of the Advisory Committee for Natural Resources and Energy, where they discussed Japan's 7th Strategic Energy Plan. (May 2024)

7. Malaysia

Updates from Bursa Malaysia Berhad

- Bursa Carbon Exchange launched the Malaysia Carbon Market Association (MCMA) to [accelerate the formulation of Malaysia's carbon market](#) and associated policies. The Exchange is also recruiting for its Industry Working Group to address the finance gaps in carbon projects by developing a framework for a fundraising platform for such projects. Interested investors are invited to sign up via this [submission form](#). (Aug 2024)
- Bursa Malaysia [launched its sustainability reporting platform](#) for streamlining ESG disclosure. (Jun 2024)

8. Singapore

Carbon Credits

- The Economic Development Board (EDB) and The International Emissions Trading Association (IETA) launched the [Singapore Carbon Market Alliance](#) (SCMA) to help companies more easily acquire “high-quality” carbon credits. (Jul 2024)

9. South Korea

Climate Change Law

- South Korea's [constitutional court ruled that the climate change law does not protect basic human rights](#), citing that the country's carbon neutrality act lacks “any quantitative levels” and legal binding for emission reduction targets from 2031 to 2049. Similar cases are being held in other Asian nations, including Japan and Taiwan. (Aug 2024)

10. Taiwan

Anti-Greenwashing Guidelines

- The Financial Supervisory Commission (FSC) has published [guidelines for financial institutions](#) to avoid greenwashing. (May 2024)

11. Vietnam

Renewable Energy

- Vietnam has started [allowing for Direct Power Purchase Agreements](#) and the [direct sale of renewable energy](#), which is expected to support its expansion. (Jul 2024)