

RENEWABLE ENERGY MARKETS ASIA 2024 PANEL DISCUSSION

INTERNATIONAL INITIATIVES AND POLICIES THAT WILL IMPACT YOUR BUSINESS IN ASIA AND BEYOND



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Monday, 29 April 1:30-2:30 PM



**Renewable Energy
Markets™ Asia 2024**

A person stands on the peak of a large sand dune, silhouetted against a vibrant sunset sky. The sun is low on the horizon, casting a warm, golden glow over the landscape. The sky is filled with soft, wispy clouds, and the sand dunes in the foreground show distinct ripples and shadows. The overall scene is serene and expansive.

EU Carbon Border Adjustment Mechanism

Aymeric de Condé

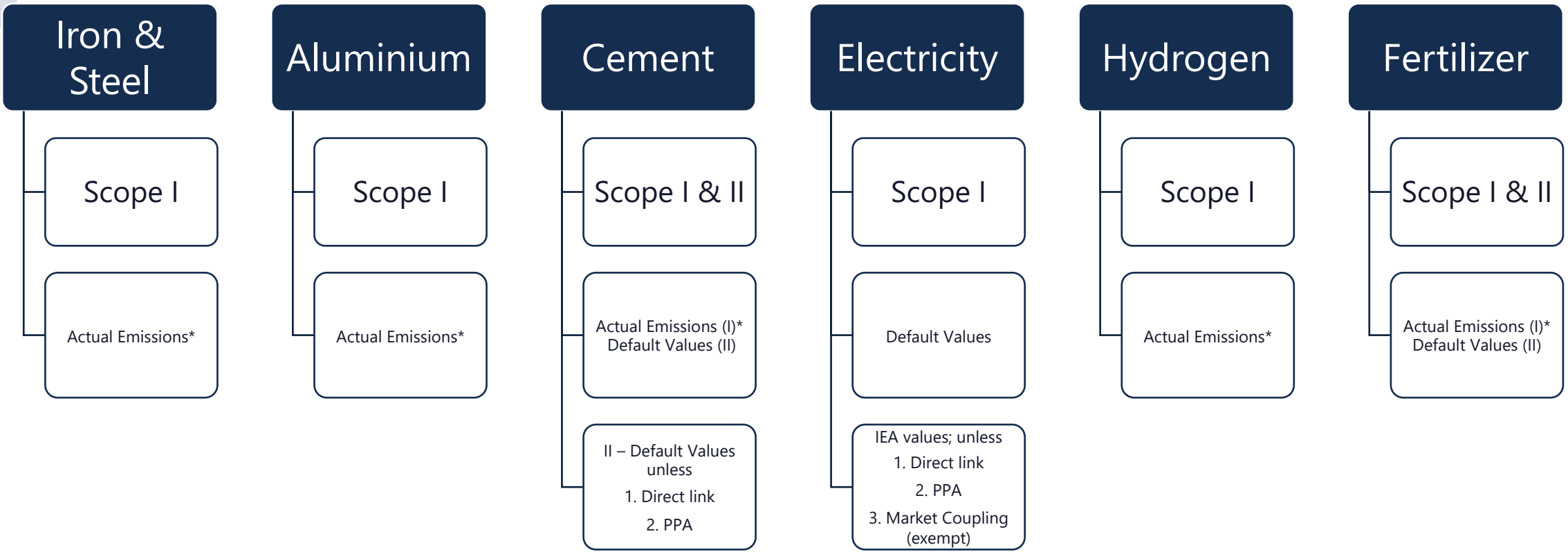
Head of APAC, Strive by STX

STRIVE
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What is the EU Carbon Border Adjustment Mechanism?

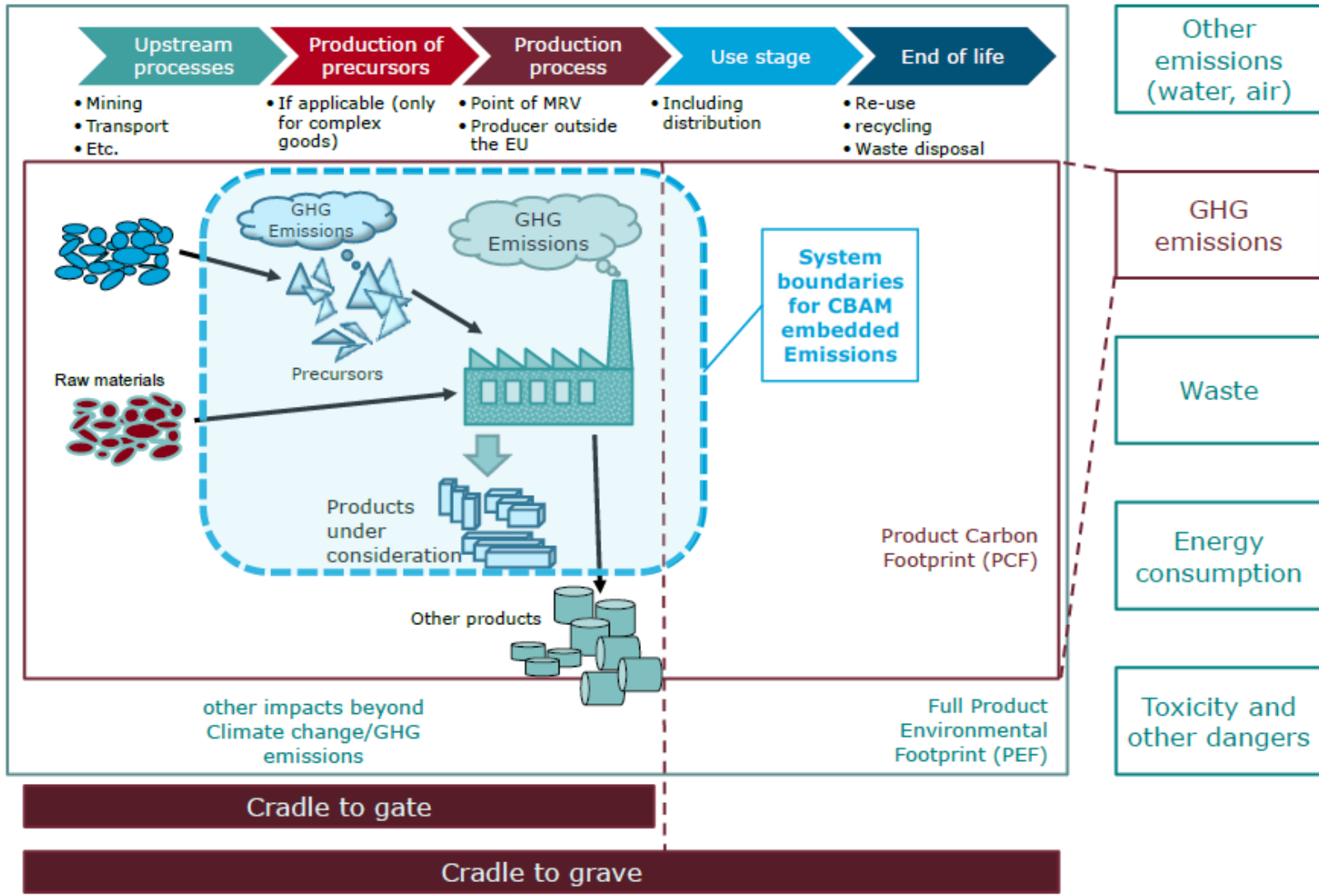
The Carbon Border Adjustment Mechanism Regulation is designed to **counter the risk of carbon leakage** and operates by **imposing a charge on the embedded carbon content of certain imports** that is **equal to the charge imposed on domestic goods under the EU ETS**, with adjustments being made to this charge **to take into account any mandatory carbon prices in the exporting country.**

CBAM affects 6 high emitting industries

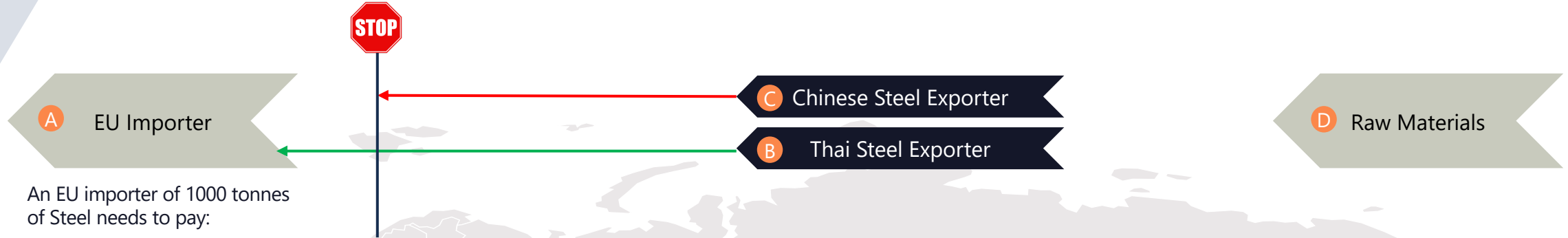


Transitional Phase: direct + indirect emissions for all goods
Definite Phase: direct + indirect only for cement and fertilizer sectors

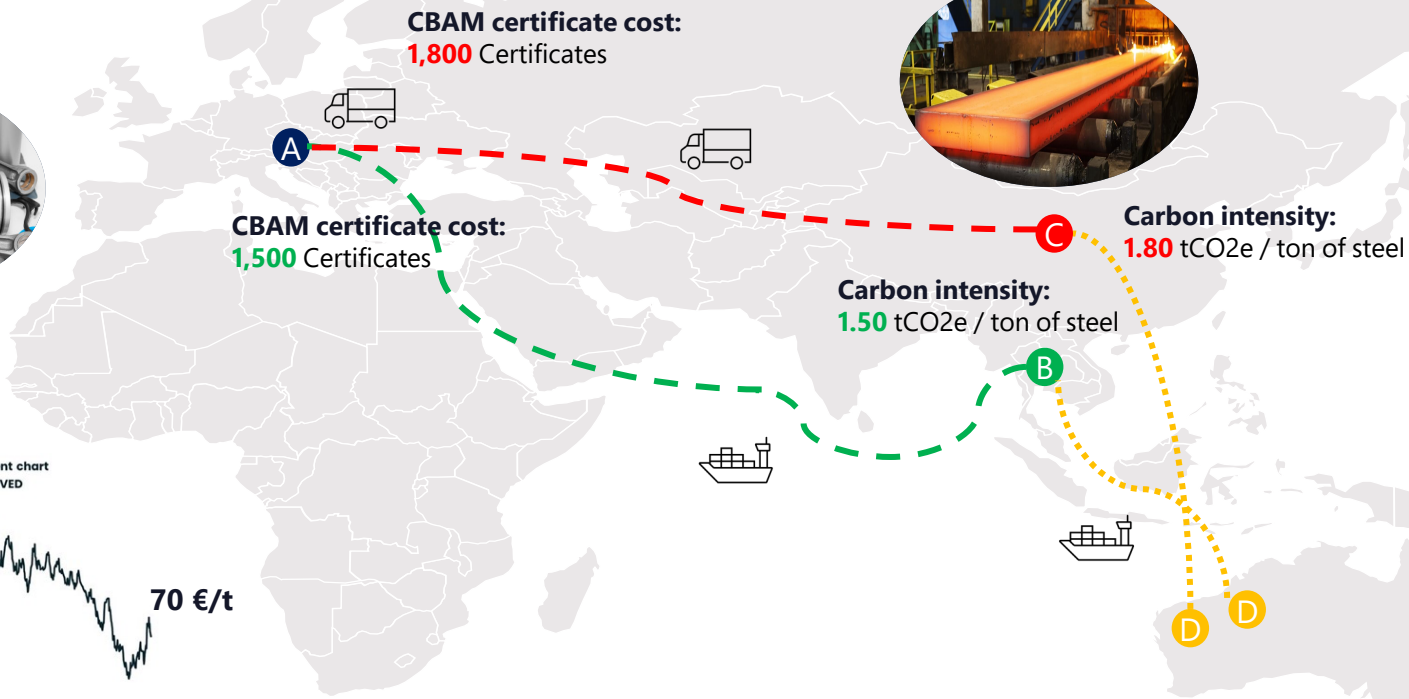
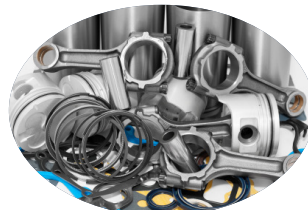
Scope included with the "embedded emissions"



CBAM can become a competitive advantage if addressed properly



An EU importer of 1000 tonnes of Steel needs to pay:



CBAM impact (1/2)

Fertilizers

Country	CO2 emissions intensity of Fertilizer Exports	Exports to EU %
Kazakhstan	1.55	1.3%
India	1.39	1.1%
China	1.18	1.1%
Vietnam	0.86	0.6%
Taiwan	0.71	0.8%
Azerbaijan	0.67	59%
Australia	0.55	0.3%
Japan	0.45	2.1%

Aluminium

Country	CO2 emissions intensity of Aluminium Exports	Exports to EU %
Indonesia	0.69	2.0%
Tajikistan	0.62	4.2%
Australia	0.35	0.2%
India	0.33	9.1%
Azerbaijan	0.32	29.3%
China	0.28	13.2%
New Zealand	0.16	4.2%
Vietnam	0.06	3.2%
Japan	0.06	2.9%
Singapore	0.05	1.4%
Thailand	0.04	4.4%
Korea	0.04	7.2%
Taiwan	0.03	2.0%
HK	0.03	5.6%
Philippines	0.01	9.3%

CBAM impact (2/2)

Cement

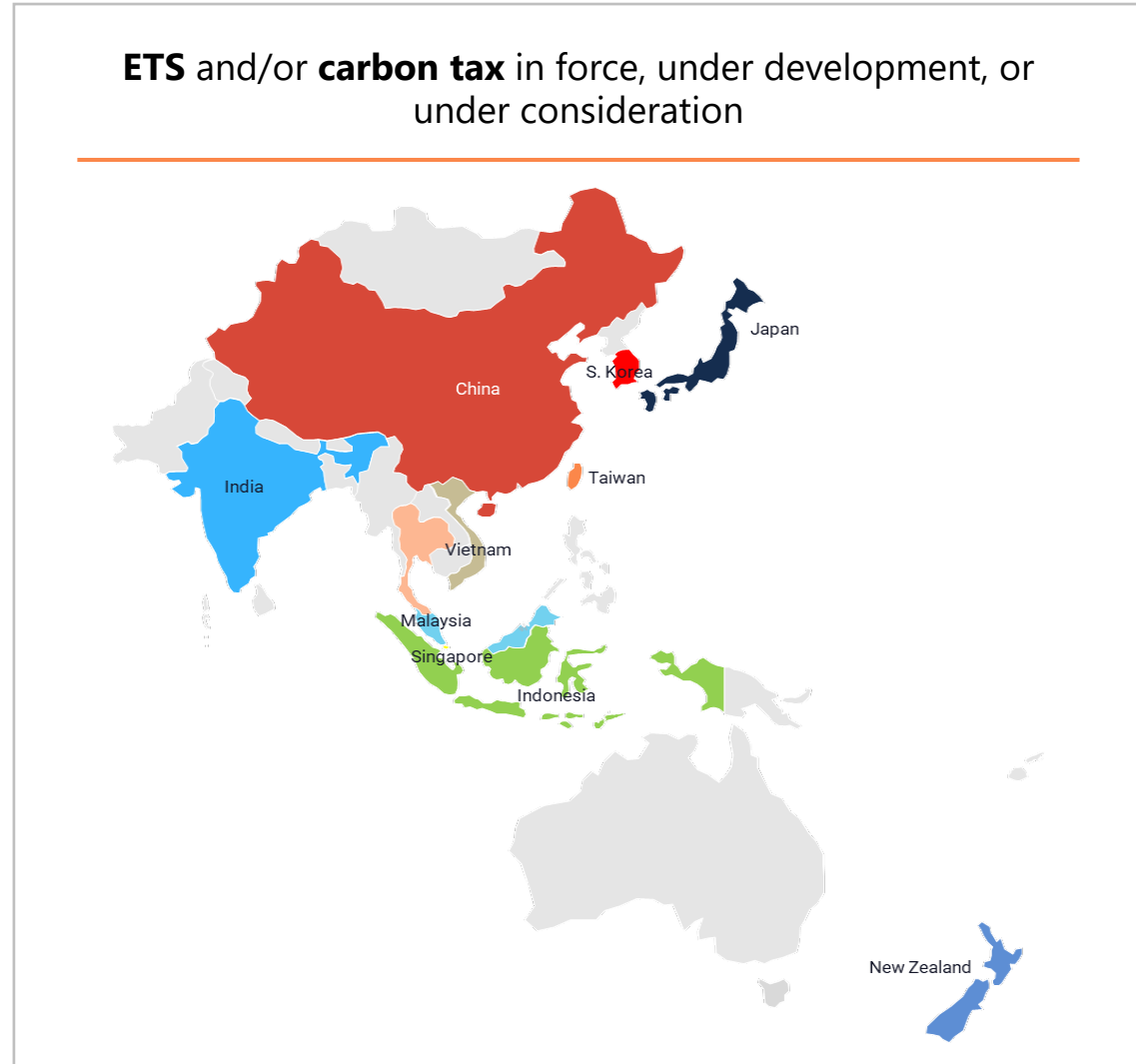
Country	CO2 emissions intensity of Cement Exports	Exports to EU %
Malaysia	8.80	6.7%
Vietnam	8.56	0.7%
India	7.09	0.6%
Pakistan	6.95	1.7%
Japan	4.70	1.7%

Iron

Country	CO2 emissions intensity of Iron Exports	Exports to EU %
India	2.01	23.5%
HK	1.35	4.6%
Vietnam	0.88	7.5%
Pakistan	0.74	1.0%
China	0.52	8.8%
Singapore	0.32	1.1%
Philippines	0.31	1.2%
Thailand	0.28	5.2%
Malaysia	0.24	6.1%
Australia	0.17	5.5%
Sri Lanka	0.12	2.0%
Taiwan	0.11	13.2%

ETS and Carbon Taxes in APAC

If a non-EU producer **has already paid a carbon price** in a third country on the embedded emissions for the production of the imported goods, **the corresponding cost can be fully deducted from the CBAM obligation.**



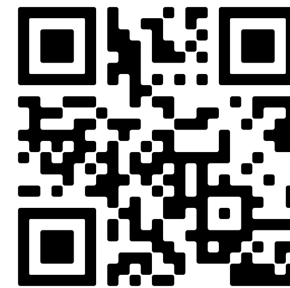
Takeaways

The **competitiveness of goods** produced by exporting countries = land + labour + capital + **carbon emissions**

The producers and exporters **fastest to adopt** become comparably **more competitive** in carbon-constrained markets

STRIVE

by STX



Download our
CBAM guide

Thank you

Aymeric de Condé
Head of Strive by STX | APAC

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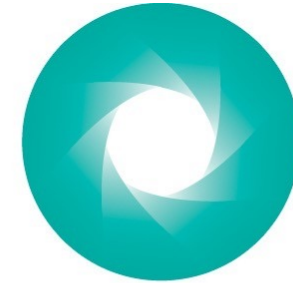
Scope 2 Greenhouse Gas Accounting

April 2024 | REM Asia 2024



Greenhouse Gas Protocol

- GHG Protocol standards and guidance enable companies to measure, manage and report greenhouse gas emissions from their operations and value chains.
- Greenhouse Gas Protocol provides the world's most widely used greenhouse gas accounting standards for companies.
 - >10,000 companies report to CDP
 - More than 90% of Fortune 500 companies reporting to CDP use GHG Protocol
- Greenhouse gas accounting and reporting standards developed through inclusive global multi-stakeholder development processes



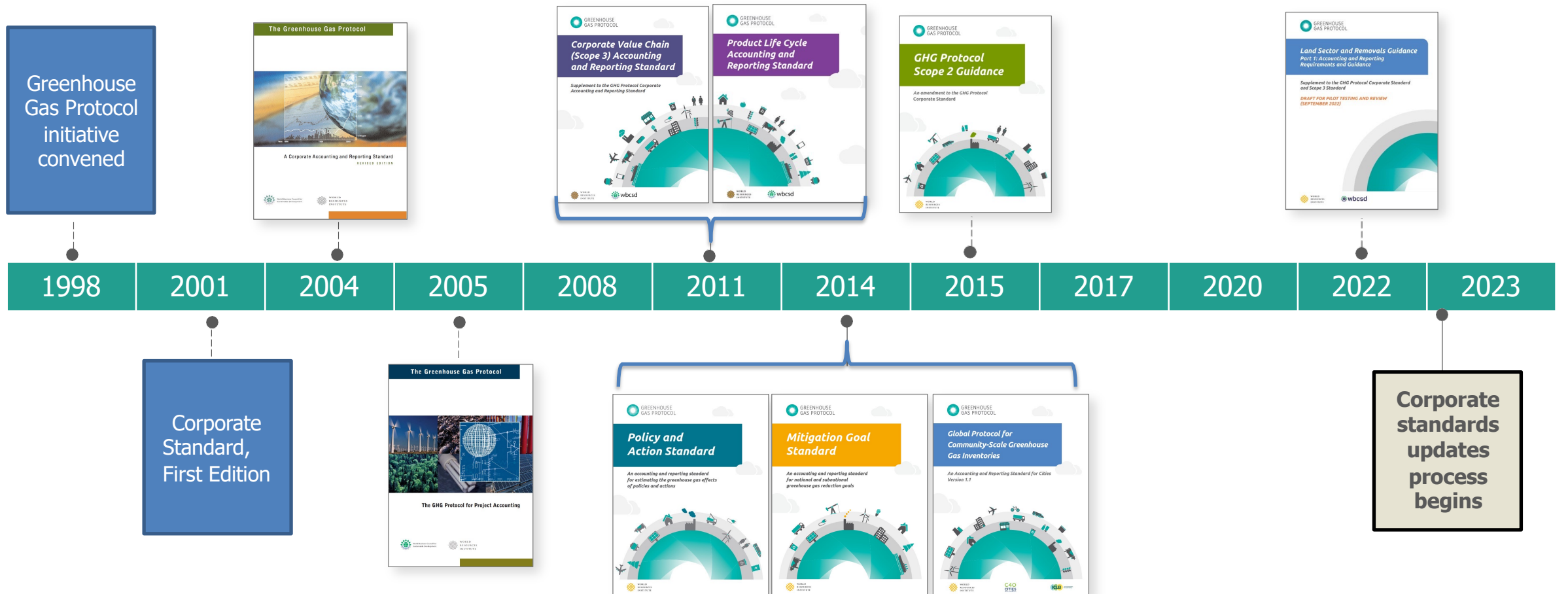
GREENHOUSE
GAS PROTOCOL



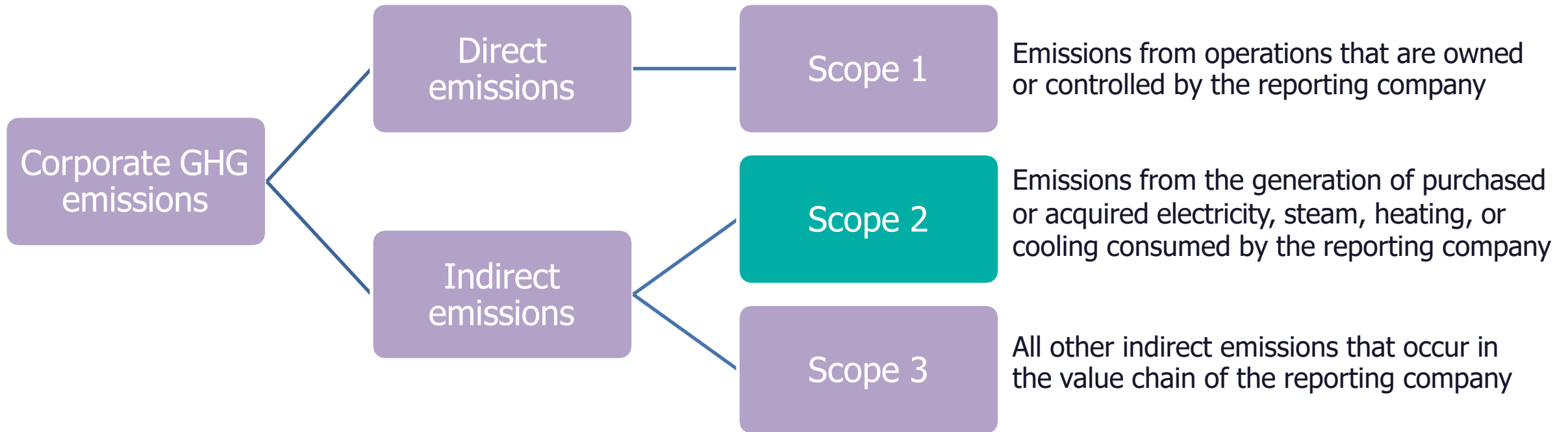
WORLD
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History of GHG Protocol Standards

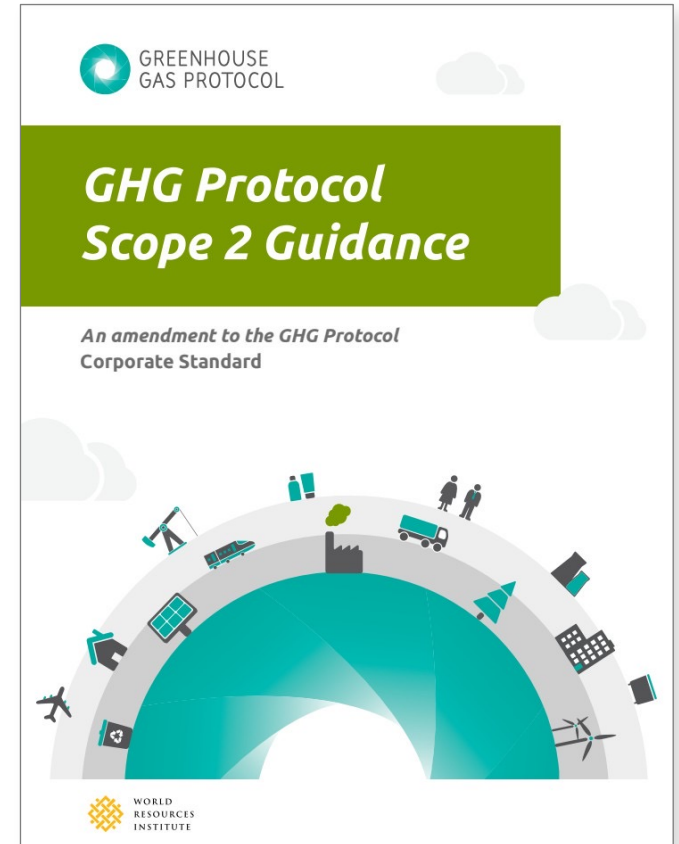


Scope 1, Scope 2 and Scope 3 Emissions



Scope 2 Guidance

- **Scope 2 emissions are the indirect emissions associated with the generation of electricity, heating/ cooling, or steam purchased for a reporting entity's own consumption** (GHG Protocol Corporate Standard, Ch. 4).
- **Scope 2 represents one of the largest sources of GHG emissions globally.** Electricity consumers have significant opportunities to reduce those emissions by reducing electricity demand, and increasingly play a role in shifting energy supply to alternative low-carbon resources (Scope 2 Guidance, p. 12).
- The GHG Protocol Scope 2 Guidance was **published in 2015 as an amendment to the 2004 Corporate Standard** (GHG Protocol Scope 2 Guidance).



Scope 2 Guidance Defines Two Quantification Methods

	Location-Based Method	Market-Based Method
Description →	Assesses emissions from electricity by applying an average grid emission factor to electricity consumption based on the location of that consumption.	Assesses emissions from electricity by applying emission factors based on an organization's contractual relationships, either through direct contracts or specified electricity suppliers.
Objective →	The average grid emissions associated with the electricity an organization consumes is essential to record as part of a GHG inventory. Organizations should be incentivized to influence the average resource mix on the grid to reduce their scope 2 inventories.	Contracts and contractual instruments represent a means through which organizations can express demand for specific electricity technologies and products, without these instruments consumers cannot expressly ask for low GHG emitting electricity generation.

December 2023 – Scope 2 Proposal Summary Published

A graphic with a white background and a teal footer. On the left, there is a photograph of a power line tower on a green hill under a blue sky. A red banner at the top left says 'AVAILABLE NOW'. The main text in the center reads 'Our Scope 2 Proposal Summary is now available.' The footer contains a teal bar with white text: 'ghgprotocol.org/sites/default/files/2023-12/scope-2-proposal-summary.pdf'.

AVAILABLE NOW

Our **Scope 2 Proposal Summary** is now available.

ghgprotocol.org/sites/default/files/2023-12/scope-2-proposal-summary.pdf

Survey responders and proposal submitters collectively called for **combinations of improvements** to existing scope 2 accounting methods, and an increased focus on project accounting methods.

- Improve scope 2 location- and market-based methods with **minor updates**
- Improve the market-based method by requiring **additionality** for market-based scope 2 claims
- Improve the location- and market-based methods by increasing **granularity** in time and location of scope 2 data and Quality Criteria requirements
- Elevate the role of **project accounting** to report changes in emissions caused by an organization's interventions

Feedbacks on the current location-based and market-based methods

	Rationales	Challenges
Location-based	<ul style="list-style-type: none">• Simplest and most transparent• Reflective of physically undifferentiable electricity• Reflect actual reductions in the atmospheric emissions	<ul style="list-style-type: none">• Little-to-nothing can be done by a company• Does not reflect the impact of a company's actions• May slow the progress of electricity decarbonization
Market-based	<ul style="list-style-type: none">• The only way to track consumer choice• Incentivize voluntary climate action• Contribute to the development of RE markets	<ul style="list-style-type: none">• Residual mix data is not available• May not lead to emissions reduction

Feedbacks on Specificity vs. Flexibility of Data

Rationales

Specificity

- Grid modeling demonstrates emissions reductions linked when specificity is used (in relation to market-based method)
- Better facilitates comparison between organizations
- Minimize confusion in interpretation
- Improve auditability
- Potentially reduce risks of greenwashing

Flexibility

- Easy and accessible to all
- Flexibility needed where data and procurement options are inconsistent
- Specificity should be left to GHG programs

Feedbacks on Granularity and Broadness of data

Rationales

Granularity

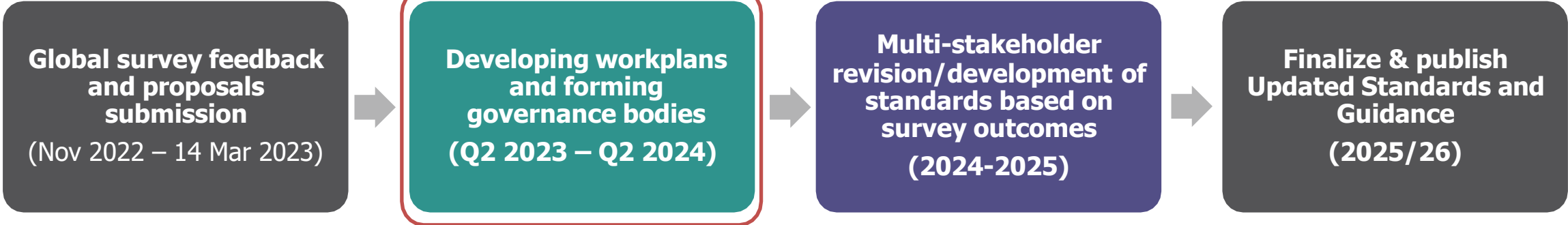
- More closely aligns with physical delivery of electricity
- Reduces issue with double counting
- Enables scaling of new clean technologies
- Current research indicates that procurement with hourly matching to consumption, deliverability, and from new resources aligns emission inventory claims with system-wide emissions

Broad

- Doesn't preclude market participation from companies with less resources
- Needed where data and procurement options are difficult to access
- Granularity could restrict market development

GHG Protocol Standards Update Process

We are here



Thank you!

Contact information

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Human Rights and Renewable Energy

2024




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Business Transformation for a Just and Sustainable World

BSR is a sustainable business network and consultancy focused on creating a world in which all people can thrive on a healthy planet.

With offices in Asia, Europe, and North America, BSR provides its 300+ member companies with insight, advice, and collaborative initiatives to help them see a changing world more clearly, create long-term value, and scale impact.

 [Check out our About BSR video](#)

1

Mission

30+

Years of
experience

300+

Member
Companies

200+

Global Staff

6

Focus
Areas

20+

Collaborative
Initiatives

11

Locations

Copenhagen
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The BSR Difference



• Focus on Impact

- We create holistic business solutions that offer the biggest opportunities for meaningful change, not just with your company, but also by working with value chain partners, markets, policymakers, and systems.



• A Diverse Team of Experts

- Our passionate, committed team of sustainability leaders is comprised of people from diverse backgrounds, and experience working in companies, NGOs, academia, government, and consulting. This array of talent enables us to provide the expertise and insight to help companies navigate the critical sustainability issues they face.

Seeing the Connections



We make connections between issues, and between your business and the wider social context. This global mindset informs our effort to provide you with holistic strategies which consider impacts on a diverse range of stakeholders.

Focus on Action



We provide honest advice and insight that translates your ambitions into credible action. We articulate the strategic business value of our recommendations, while still emphasizing the importance of values. Our guidance will always look for opportunities to collaborate, to support public policy solutions, and encourage transparency and accountability.



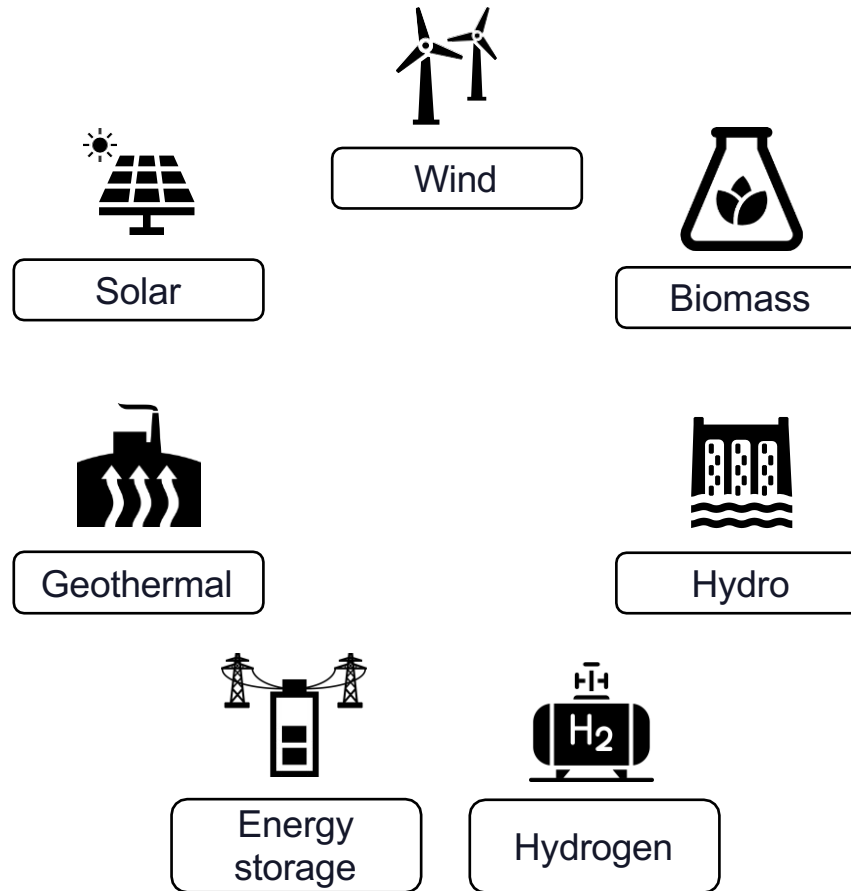
Renewable Energy: A Sector in the Spotlight

The sector is an essential contributor to a lasting reversal of the trend of rising CO₂ emissions – and stakeholders are increasingly pushing companies to play a key role in the ‘just’ energy transition

~\$600 BILLION

was the total committed investment in renewable energy in 2023, according to BloombergNEF

Between existing and new / emerging technologies, renewable energy is rapidly becoming a ‘mainstream’ energy source. A broad range of energy consumers—cities, communities, emerging markets and corporations—as well as investors are increasing demand for renewables as they are best able to meet cost, decarbonization, and reliability goals.



ENERGY TRANSITION

has led to increased scrutiny of the sector on a broader set of social issues both within own operations and across the supply chain, including human rights, decent employment, workforce health & safety, local communities rights, access & affordability to close the energy poverty gap and diversity, equity & inclusion.

In the wake of COVID-19, these issues have grown even more paramount.

Renewable Energy Ecosystem

Renewable energy companies find themselves in a unique ecosystem, managing and responding to risks and opportunities from upstream supply chains, operations, downstream customers and financing partners

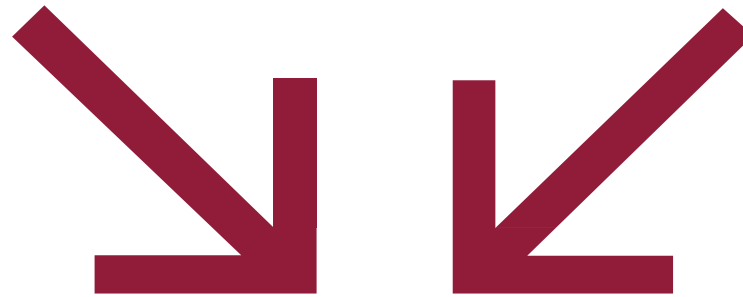


And more....

Convergence of Pressure Levers on Human Rights Performance

There are several factors that led to increased attention and expectations towards renewable energy companies to meet their responsibility to respect human rights.

- Increased **regulation** that is establishing a level playing field for **human rights due diligence and disclosure requirements**, including on social and human rights aspects



Renewable Energy

- Increased **scrutiny from various stakeholders**, including civil society organizations on the sector performance of renewable energy against expectations and standards

- Increased **investors demands**, as the 'S' in ESG has gained increased importance and financial sector has increased **active stewardship and engagement on human rights** (e.g., PRI Advance)

- Increased **momentum** (from governments and customers demands) driven by **climate commitments and increased investments** paired with the need to ensure **'just' energy transition**

A Changing Context Is Shaping Human Rights Risks and Opportunities

The renewable energy sector operating environment will continue to rapidly change in the coming years. There are 3 overarching trends that may impact the sector, from global developments to shifts in the business



Geopolitical Pressures

- **Global energy companies** are, by nature, exposed to international **geopolitical developments and related human rights risks across the value chain.**
- Companies operating in different markets and regions may be facing **rapid shifts** (e.g., US-China tensions) and **pressure from emerging legislation** tied to **human rights concerns** (e.g., US Uyghur Forced Labor Prevention Act).
- The role of business is also changing, and **companies are increasingly being expected to take a stance on pressing issues and act beyond compliance.**



Venturing into the 'New'

- **Few companies are transitioning** from a fossil-fuel based to green energy – while for some this will take time for others this is happening in a matter of few years.
- In order to ensure business expansion many look at **opportunities beyond their 'traditional' markets and are diversifying their technologies portfolio.**
- These changes can bring about **human rights risks** deriving from new supply chains, from the development of projects in markets where protection of human rights is weaker, and from new business partnerships.

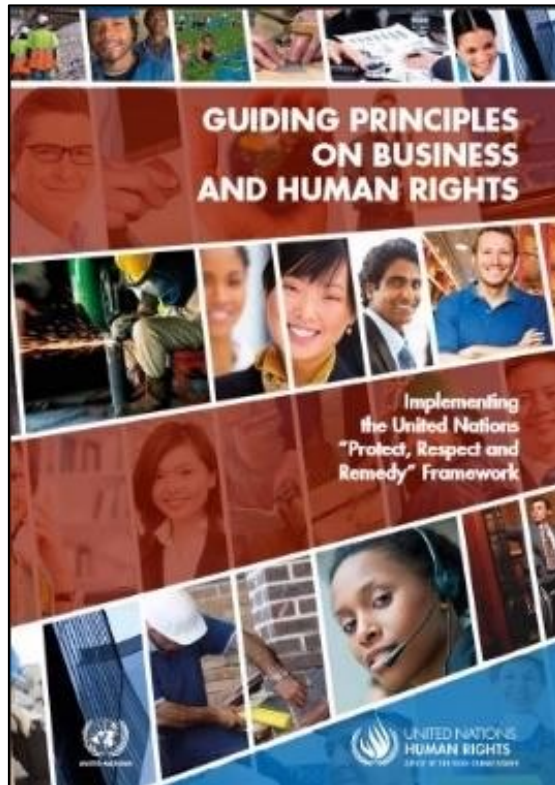


Energy Transition

- **Zero carbon and net-zero commitments** are among the drivers of the growth of the renewable energy sector. This is relevant for all companies involved in renewable energy, including purchasers of energy, financiers, power producers and developers.
- At the same time, **the human rights implications of the energy transition** are becoming more visible and exposed – this includes just transition of the workforce, and human rights risks in raw materials supply chain (e.g., transition minerals). This puts **pressure on the whole value chain**, on local communities, and on global and local suppliers.

Standard of Conduct in the Space of Business and Human Rights

Unanimously adopted by the UN Human Rights Council in 2011, the Guiding Principles on Business and Human Rights (UNGPs) are a voluntary global standard of expected business conduct regardless of business size, sector, or geography. Organized under three pillars, The UNGPs establish clarity on governments' duty to protect human rights and guidance on business' responsibility to respect human rights.



States Duty to PROTECT Human Rights

through appropriate policies, regulation, legislation, and enforcement

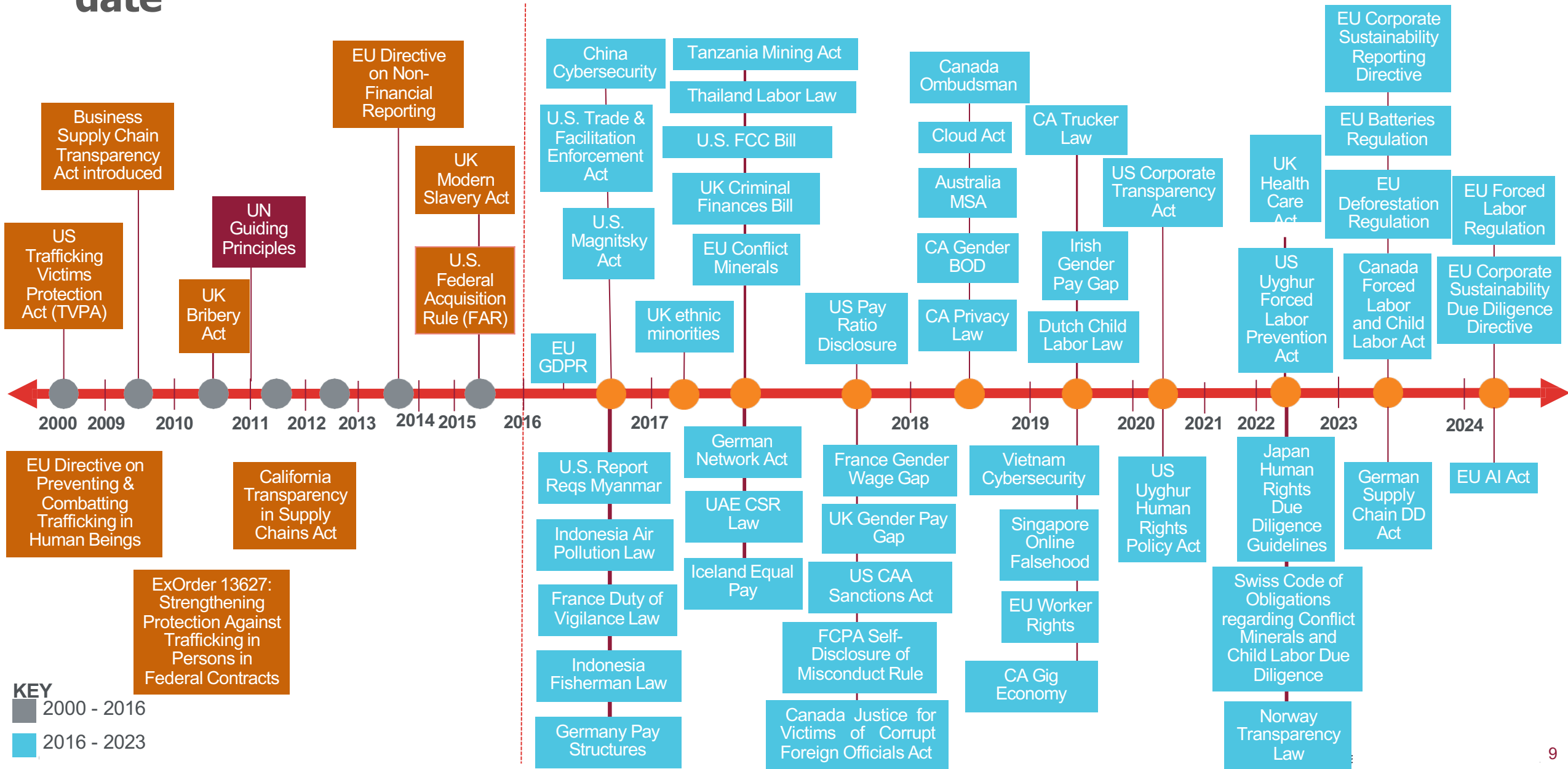
Business Responsibility to RESPECT Human Rights

by avoid infringing on the rights of others and addressing adverse human rights impacts (human rights due diligence)

The Need for Access to Effective REMEDY

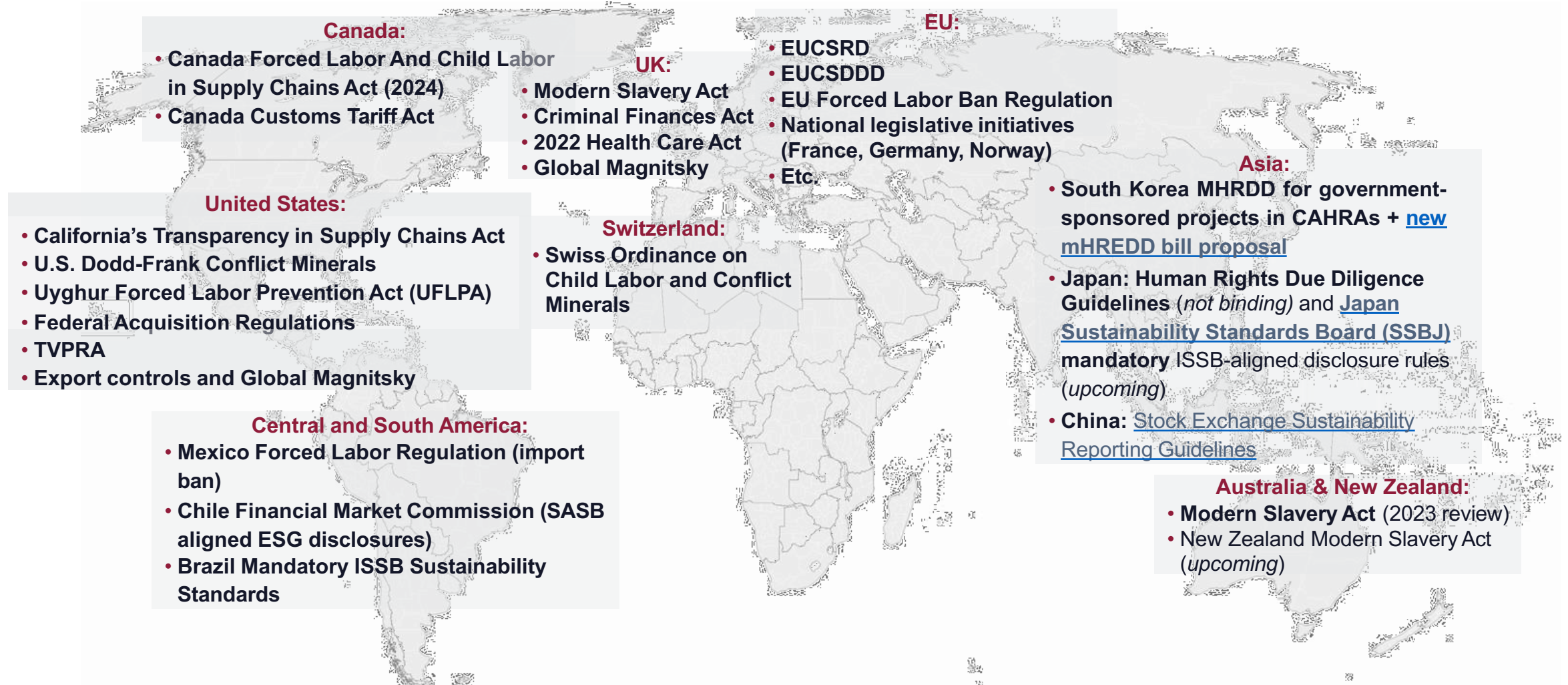
both judicial and non-judicial, for victims of corporate-related abuse, including having their voices heard through appropriate means

Business & Human Rights Legislation: 2000 to date



Towards Mandatory Human Rights Due Diligence

While steps taken across different countries are uneven, there is a general trend towards increased regulation of business conduct in relation to human rights impacts in the form of due diligence obligations, disclosure or enforcement actions, with EU taking the lead



Key Emerging Legislation Impacting the Renewable Energy Sector

As business and human rights legislation is rapidly developing around the world, some recent or upcoming laws are particularly relevant for renewable energy companies everywhere in the world

	Description	Relevance for the Sector
EU CSRD and CSDDD	<ul style="list-style-type: none"> The CSRD entered into force on January 2023 while the CSDDD will get final green light in May 2024. CSRD requires to publicly disclose /report about material impacts, including human rights. CSDDD requires to conduct due diligence on human rights and environmental impact 	<ul style="list-style-type: none"> Companies in scope differ between the two directives but generally EU based / listed renewable energy companies would be in scope
US Uyghur Forced Labor Protection Act (UFLPA)	<ul style="list-style-type: none"> Entered into force in June 2022. It establishes a rebuttable presumption that any good mined, produced or manufactured fully or wholly in Xinjiang is the product of forced labor, unless the importer can prove otherwise 	<ul style="list-style-type: none"> This is particularly relevant to renewable energy companies considering reports linking solar panels to alleged forced labor in Xinjiang. Other US customs mechanisms are looking beyond Xinjiang with targeted WROs (e.g. Malaysia)
EU Forced Labor Regulation	<ul style="list-style-type: none"> Final green light expected in May 2024. It covers all products made available within the EU, both made in EU for domestic consumption and for export, as well as imported goods. It applies to any type of products, including their components, regardless of the sector. Unlike the UFLPA burden of proof is on the competent authorities of member states 	<ul style="list-style-type: none"> Renewable energy companies should consider this in relation to solar panels and Xinjiang, but also forced labor risks from elsewhere as linked with products and components.
EU Batteries Regulation	<ul style="list-style-type: none"> Entered into force in August 2023, it covers portable, industrial, automotive and EV batteries and it applies to manufacturers, importers or distributors that place batteries on the EU market for the first time It includes obligation to carry out human rights and environmental due diligence in the supply chain of key raw materials. 	<ul style="list-style-type: none"> Raw materials in scope are cobalt, graphite, lithium and nickel, which are also used in other renewable energy technologies

Human Rights Risks in the Renewable Energy Sector | Top 10

There is a wide range of human rights risks that the renewable energy sector is facing across its value chain. Certain risks and strategies to address them are context specific while many others are inherent challenges due to the nature of the activities, the supply chain and the common business practices.

Modern Slavery (Forced Labor and Child Labor)



Ties to specific high risk supply chains and reliance on contractors with migrant labor workforce at sites may lead to modern slavery risks

Working Conditions



Outsourcing practices and greater dependence on contractors may lead to a decline in working conditions and effectiveness of workers representation

Occupational Health and Safety



Acute health and safety risks are common due to the nature of the operations. Contractors' workforces are even more exposed to such risks

Discrimination and Harassment



Discrimination can take various forms including unfair hiring practices, pay disparities, workplace harassment

Bribery and Corruption



All companies are exposed to corruption risks, especially in countries with poor rule of law, which may lead to impact on vulnerable communities.

Rights of Indigenous Peoples



Disagreement over community consultation and Free, Prior, and Informed Consent (FPIC) are a common source of conflict with indigenous peoples

Impacts on Local Communities



Impacts on livelihood and access to resources such as cultural and natural assets and other disruptions can cause serious concerns to communities.

Land Rights



Unfair land acquisition, resettlement of communities, and changes in land use and access to land can result in human rights violations

Security



Use of private security or security provided by government forces could expose communities and employees to excessive use of force

Human Rights Defenders



As a result of their commitment and work, HRD are often the target of attacks and intimidation, including increasingly linked with renewable energy projects

Opportunities to Promote Human Rights | Top 3

Companies operating in the renewable energy sector can support and empower rightsholders to realize, enjoy and fulfill their rights including looking beyond at the company's own operations and in upstream supply chains

Just Transition



The energy transition has the potential to disrupt workforces and communities.

Renewable energy companies can support a just transition within the local communities where the project is being developed and deployed through supporting the creation of green jobs and diverse supply chains

Economic and Social Development



Renewable energy companies can provide support to essential services, including access to energy. This may take the form of individual company initiatives or may entail collaborative efforts through public-private partnerships, community investment, community co-ownership or stakeholder engagement..

Equity, Inclusion and Justice



Through their presence in local communities, companies can support social and economic inclusion for the most vulnerable and 'excluded' thus enabling pathways to poverty alleviation and broader social development.



What does promote human rights mean?

Business enterprises can commit and take actions and measures to **contribute to the enjoyment of human rights**.

The focus is **on supporting and empowering rightsholders** to realize, enjoy and fulfill their rights

However, promotion of human rights does not offset the primary responsibility of businesses to respect human rights (do not harm).

Thank You

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