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Summer Playlist | Episode 3
Hannah Hauman, Global Head of Carbon Trading, Trafigura

What can we extract from traditional commodity markets to standardize and scale our carbon markets?
On our third installment of the SmarterMarkets Summer Playlist, we catch up with Trafigura's Global Head of Carbon Trading, Hannah Hauman, diving into the vital role of supply chain managers and trading companies in helping manage risk and ensuring carbon removals projects can achieve scale and meaningful climate impact.
Together, Hannah and David Greely explore the difficulties corporates face in seeking future-proof strategies to achieve their net-zero targets, the role of market mechanisms and price discovery in developing the voluntary carbon markets, and the need for consistent, predictable policy across both compliance and voluntary markets.

Hannah Hauman (00s):
So the way I would paint it simply is we kind of see net zero as is a bit of a shared finish line for all of our customers, just with everyone at very different starting points. Some are simply trying to get their arms around that measurement. So that quantity piece, others are already moving on to reductions where we're helping to deploy finance with carbon risk management and finally, some are already planning on their long term net, zero consumption. So our goal is really how can we meet them at every stage of their net zero journey.

Announcer (32s):
Welcome to Smarter Markets, a weekly podcast featuring the icons and entrepreneurs of technology, commodities and finance ranting on the inadequacies of our systems and riffing on ideas for how to solve them. Together, we examine the questions are we facing a crisis of information or a crisis of trust and will building smarter markets be the antidote?

David Greely (56s):
Welcome back to our Smarter Markets summer playlist, where we're sitting down with our special guests midway through this momentous year in markets to talk about where we are and where we might be, and need to be heading next it's beach reading in a podcast. I'm Dave Greeley, Chief Economist at Abaxx Technologies. Our guest today is Hannah Hauman, Global Head of Carbon Trading at Trafigura. We'll be catching up with Hannah on what's happening in the carbon markets and discussing what perspectives and tools the physical commodity markets are bringing to scaling the carbon markets and delivering carbon removals. Hello Hannah, welcome to Smarter Markets.

Hannah Hauman (01m 30s):
Hi Dave.

David Greely (01m 31s):
Thanks for joining us today. I've been really looking forward to talking with you about what's happening in the carbon markets and I'm really curious about your perspective because one of the things I find fascinating is that people come to the carbon markets from such a wide variety of backgrounds and with such a wide variety of perspectives, we have environmentalists, academics, politicians, and policy makers, engineers, and technologists, and commodity market people. The list goes on. You spent the earlier part of your career in the commodity markets, trading oil and oil products and now you're Global Head of Carbon Trading at Trafigura. I'm curious, coming from an energy markets background, when you look at the carbon markets today, what seems familiar to you and what seems different.

Hannah Hauman (02m 17s):
Thanks, Dave, and pleasure to be speaking with you today. So indeed I've spent 14 years in, let's say the traditional physical commodities. So everything from gasoline and distillates to Bitman, most recently actually managing our crude desk here in Europe and oftentimes I think carbon can mystify people as this isn't a traditional commodity that we kind of ship, blend or store, but in truth, this looks really like any other physical commodity that I've traded. So namely we have underlying specifications that give us kind of different product grades. We have heavy capital requirements, whether that's trade finance, structured finance, project finance, we

have arbitrage and ultimately we do still have inherent inefficiencies that are created by mismatches with global production and global consumption, which is really where we step in. So in that respect, I think it looks very much like that kind of traditional market.

Hannah Hauman (03m 11s):
We don't have tanks, but we do have registries for example, and we do still have these physical tons that we're moving. However, it is obviously very unique in some respects, I think, namely with regards to time horizons. So with carbon, we, we always kind of joke that we need to play in two minds at all times, or really in, in kind of two timeframes, one for trading the market as it is today. But second, really with keeping this kind of long term focus on what the market ultimately requires to solve. So specifically as we think about the energy transition and, and namely the dates 2030 and 2054 net zero, if the world is really looking to reduce annual emissions by over 25 billion tons per year, or set another way greater than the entirety of the oil and gas markets combined, what does that actually require in terms of long term solvers, whether that's technology or policy, and really where does this occur even on a regional basis.

Hannah Hauman (04m 11s):
So it, it's not enough to just trade the markets as they exist today. It's also very much keeping in mind this very long dated time horizon of what do we need in 2030. What helps us solve in 2050 compared to your more traditional commodity markets, which are really more of a kind of year forward time horizon. I think the other piece when it comes to carbon markets, which is quite unique is of course the overarching policy impact, so whether we're thinking about regulated markets like the ETS or the cap in trade systems, which are your trading mechanisms for carbon, or if it's carbon footprint reporting, or even things like regulated claims around what net zero actually means what net neutral means. These markets have demand, which is ultimately underpinned by policy. So exactly as you said, at the beginning, we see a very unique intersection of parties at the table. So the public sector, the NGOs and the private sector, really all with the same end goal, but with very different ideas of how we get there. So creates for, I think, a very dynamic space and obviously quite a fascinating one as you're bringing in a lot of different cultural backgrounds within enormous problem to solve and ultimately very different ways of working.

David Greely (05m 31s):
Yeah and it's fascinating because you think, you know, from, from the climate perspective, we think having something solved by 2030, 2040, 2050, it's like running out of time and like you said, for a commodity market person, you know, I think of like days looking at natural gas markets and you're thinking about, do we get through the next winter or not which is very, very different, but I think that still the commodity market perspectives are so important and you wrote a white paper recently where you were arguing that the tools and skill sets that have developed in the physical commodity markets are really gonna be vital to making progress and scaling up the carbon markets and in particular scaling up the carbon removals production, that's so necessarily to meet those longer term goals and I wanted to ask you, what do you see as some of the most important concepts, tools and skill sets that the carbon markets really need from the traditional commodity markets? And what role do you think they should play?

Hannah Hauman (06m 31s):
Oh, of course. So if, if we think about carbon removals in particular or otherwise known as kind of carbon sinks. So if we think about a world that is ultimately still trying to grow in terms of its economic development, while trying to reduce its emissions, as you said that 2030 timeline looks quite short in very quickly coming, however, that's really where the importance of carbon removals come in or these natural carbon sinks, which are removing carbon dioxide out of the atmosphere. So these can look anything like a, a forestry plantation, which is ultimately a, a net new forest taking incremental CO2 out of the environment, or it can be a technology solution such as direct air capture, which is approaching this in a completely different way, but ultimately trying to get negative carbon from the atmosphere, ironically enough, these projects in particular have cash flow profiles, not that dissimilar to oil fields, for example.

Hannah Hauman (07m 31s):
So you have extraordinary CapEx up front with forestry where we're purchasing land, we're buying fertilizer, we're buying seedlings, we're, we're deploying the labor and then ultimately that carbon removals production really only comes from the biomass as that forestry plantation actually grows. So you have a, a large CapEx up front. You have a very long time until you see your first production with relatively low OpEx and relatively low variable cost. However, what is at minimum a 10 year time horizon, and what creates a huge need for upfront capital long term risk management and this can be physical risk with the actual plantation. So things like floods or droughts or fire, this can be things like policy risk, which is underpinning the market and how countries are trading these projects, how they are allowing for the export of these projects or, or lack thereof. It can also extend to things like FX risk or even counterparty risk or credit risk.

Hannah Hauman (08m 33s):
So these are, are the hallmarks of the commodity industry as it exists today and in truth, you've had a carbon market operating for decades now, but really focused on a segment to the market, which is relatively low cost turtles, and relatively quick implementation as the energy transition is requiring increasing carbon removals and the most conservative estimates today are 10 billion tons of carbon sinks, which for perspective, the global crude market by volume is 5 billion tons per annum, so tremendous volumes to come on, but with huge hurdles in terms of that fixed cost upfront that price, risk management, that country management. So in truth, we have, you know, these electronic certificates, which are often very much oversimplified because in the end, they're backed by very real assets that have all the hallmarks of physical commodity risk that we see in standard markets today.

David Greely (09m 29s):
Yeah. And it sounds like many of the elements of the supply side, as you said, are very similar to commodity markets and take a very similar mindset to run them. Well, I wanted to ask you though about the demand side, because it's like a very curious, particularly in the voluntary carbon markets and I would imagine with the demand side, that's still, you know, even with the net zero commitments that have been made, there's still a lot of ambiguity about what it's gonna, you know, what achieving net zero under these commitments actually means and when you are making these, you know, 10, 15 year investments with a demand side that has so much uncertainty and ambiguity still around that that has to be one of the major risks that's on your mind. So how are you thinking about, you know, demand and what we need to do to, to make it a, a less risky proposition in these markets?

Hannah Hauman (10m 22s):
So when we think about the demand coming from the voluntary markets, it's exactly as, as the name suggest it is voluntary. So by definition or specifications for that demand is really deemed by the individual corporate in whatever aims that they're looking to achieve. So for some, this is very much focused on type. So that carbon removals element that I mentioned earlier for others, it's a little bit more focused on geography. So am I purchasing projects or, or offsets produced near my operations and others yet might have more of a biodiversity element where they're really focused on what, what are the net gains in nature or are these nature positive, what are the impacts on the biodiversity climate, so these demands are all hugely varied in today, unregulated where buyers are really looking to set forth their aims and then ultimately be subject to the verdict of the markets.

Hannah Hauman (11m 18s):
So as we talked about in the beginning, this is a market with the intersection of public sector of NGOs of private sector. So generally corporates are moving very quickly to try to establish carbon finance goals and to declare what they've done as part of their aims. But oftentimes this is actually a very big risk for them as perceptions are changing constantly. I think the idea of quality is very quickly evolving and is iterating and for many buyers we hear from our customers that they would actually love to hear what is that agreed specification, what is an acceptable offset quality for a corporate buyer is ultimately today for a buyer to potentially buy the wrong thing is actually a much greater risk for them than to buy nothing at all. So while we see individual sectors and individual voluntary buyers forging their own path, and I think making, you know, great strides and, and trying to press out into the carbon finance world, there is a tremendous amount of risk in what is future proof, what is going to be acceptable in 10 years' time, in 15 years' time and really kind of looking at the, the verdict of public opinion in, in many respects.

Hannah Hauman (12m 32s):
So with that, we see varying demand by sector, each sector kind of finds its own agreed specification, if you will and equally we see, I think a looming need for greater clarity on what corporates can actually use for their voluntary buying commitments. So I think the final point to note with this is when we think about net zero commitments, we really view carbon as the net in net zero. So it's not that people haven't agreed to offset. They've just not completely agreed on the quality. So I think getting greater clarity around what specifications are approved is not only critical for really unlocking carbon finance for more projects and more capital to go to those areas of carbon sinks where it's needed, but also to help underpin those investment cases and remove some of the well, not quite tail risk is it exists even a month from now, let alone 10 years from now, but really gives us kind of that stable environment and this concept of more static buyer specifications when it comes to voluntary carbon demand.

David Greely (13m 36s):
Yeah. When we've talked with a, a number of guests about the carbon markets, it seems like what I call page one risk seems to be one of the biggest risks in the market that you're the CEO of a company. You open the newspaper and boom, you know, you found out that something has really gone wrong, or even if you were trying to do the right thing, because the specification of what doing the right thing actually means still is in the eye of the beholder, to a certain extent, you might find out that, you know, oh, somebody with a very

important voice in the market thinks you did something very wrong and doing something wrong right now can almost be worse than doing nothing at all. And I'm curious how much from what the folks you deal with in the market, how much is that on their mindset and how do we deal with that?

Hannah Hauman (14m 22s):
So I think that's absolutely the biggest issue within the C-suite today. So typically sustainability is at the heart of any given corporate strategy. It might start with the director of sustainability, but then it quickly moves into the CEO's office and then ultimately into the CFO's office, as this now represents tremendous exposure and really a procurement requirement, but exactly, as you said, what is the right thing and actually is there a greater risk in taking the wrong step versus doing absolutely nothing at all. So this is probably the number one or number two concern we hear from a wide variety of customers that are really looking for again, what is that future proof specification that is ultimately going to win out as this market is so rapidly iterating?

David Greely (15m 10s):
Yeah, I saw there was a recent article talking about BP and some of the investments they had done in Mexico. I was curious if that seems more, what people are likely to expect going forward or, you know, what you took away from, from that article.

Hannah Hauman (15m 26s):
Oh, for sure and for any, any of you that, that didn't actually read the BP article, they've concluded a deal. I want to say about 18 months ago now, where they had purchased a fixed price on carbon offset supply from a project in Mexico and that price was quoted at roughly $4 a ton at the time. So I think that's a perfect example of that page one risk. So a number of articles which came out, which were all incredibly negative towards BP and effectively saying that for an asset, that's now worth $15 a ton that BP underpaid and therefore cheated communities in Mexico somehow. So it made oil and gas industry versus local communities in Mexico, great headline. But quite frankly, it oversimplifies, I think what's actually happened. So if we think about carbon in terms of moving towards a market based mechanism, the definition of a market is that prices move up and down and they respond to supply and demand.

Hannah Hauman (16m 26s):
I think for a very long time, carbon markets try to move away from results based payments or specifically funding projects in country at cost on a donation basis for a carbon emissions related claim and the reason that there was so much controversy on that type of market is because the big complaint was that the price was simply not high enough. So you need to have a floating price. You need to have the market based mechanism so that emitters can accurately value the cost of their carbon emissions and then make those decarbonization investments for ultimate goals towards net zero. So the challenge with an article like this is yes, BP paid $4 a ton, which today is well under market, but at the time they did the deal, the price was $3 a ton and arguably they overpaid. So what we can't have is a market that encourages market based mechanisms, but then vilifies or decides in retrospectively if that deal was okay or not based on who bought it and how they bought it. In truth, we see a wide number of developers asking for fixed price to allow projects to be bankable. Given bank financing is not readily available for these projects. So in this instance, this could have made the difference between that project getting off the ground at all or not, but in the end, they've fallen prey to page one risk, as you say,

David Greely (17m 52s):
And I wanted to dig into some of these issues more in that, you know, Trafigura operates at the center of the world's physical supply chains and unfortunately there are many people who think of carbon markets only in terms of, you know, the quote offsets and accounting entries, but you're, as you said earlier, are in the middle of a real physical market and can you walk us through some of the, the landscape of these markets and what are the big questions and challenges that you're working on with your customers. I imagine part of it is, as we said, trying to future proof, the approach to markets that they're taking.

Hannah Hauman (18m 27s):
No, absolutely. So Trafigura today in ESG speak, we are tiny scope one emissions, which is our direct emissions from our activities, but we are massive scope three which is in effect the indirect emissions from our upstream suppliers and our downstream customers. So in truth, we touch nearly every sector in the market from the industrial perspective, ranging from the airlines, from our aviation business, the cruise lines from our bunkering business in automotive manufacturer in Europe, you name it and we probably see it and I would say that each sector is very unique in terms of their own individual challenges when it comes to decarbonization and their own energy transition goals. But I would say the, the one thing that really binds them all together is the need for measurement. So specifically visibility into emissions of their supply chains, assistance with decarbonization and reductions of their direct emissions.

Hannah Hauman (19m 25s):
And then thirdly, what we would reference as compensation or obligations management, and quite simply saying, what is the actual exposure of the carbon that they're holding, whether that's voluntary or regulated markets. So when we think about measurement first and foremost, because Trafigura is generally connecting global supply chains, we tend to hold a clear unlock in terms of customer visibility for their upstream and downstream indirect associated emissions, which is really the declaration that's required under not only net zero, but increasingly regulation in both Europe and the US. So we can provide a window into what the supply chain emissions are of the materials that they are either producing and going on downstream or consuming to allow them to accurately make those targets in terms of net zero, but equally to identify hotspots within their supply chains and actually take steps to making lower carbon intensity decisions to hit those reduction goals.

Hannah Hauman (20m 30s):
The second piece and I would say the biggest concern and focus for our customers to date is largely around abatement or reductions of emissions within their direct operations. So as much as carbon is seen as sometimes as a virtual ton, we actually see carbon markets as a tremendous enabler for decarbonization efforts. So this can range from biofuels for an immediate kind of reduction due to, to fuel carbon intensity, as well as even longer term investments, such as carbon capture and utilization deployment within our customers covered under European regulated schemes. So said in another way we can use the price of carbon, whether regulated or voluntary to deploy capital and ultimately deploy these technology advancements to allow our customers to have permanent reductions that are then paid for in that carbon paid, which is hugely, hugely powerful, especially across the industries that we service. And the final one is compensation.

Hannah Hauman (21m 34s):
So this can be regulated carbon, where if we're talking in a regulated emission trading scheme market, these have working capital requirements, they have risk management issues and all the hallmarks of a standard kind of commodity trading offering, but equally we also have the voluntary market. So in particular, where customers are looking at their long term targets and long term commitments and looking to secure stable, secure supply of their agreed specification, and also at a price that they can actually risk manage is ultimately again, that net zero commitment requires that consumption of carbon, which is giving them long dated exposure to carbon. So the way I would paint it much more simply is, is we kind of see net zero as is a bit of a shared finish line for all of our customers, just with everyone at very different starting points. Some are simply trying to get their arms around that measurement. So that quantity piece, others are already moving on to reductions where we're helping to deploy finance with carbon risk management and finally, some are already planning on their long term net, zero consumption. So our goal is really how can we meet them at every stage of their net zero journey

David Greely (22m 51s):
And the scope three emissions problem on that journey seems like such a naughty issue of, you know, having to be able to measure not only one's own emissions, but the emissions of, you know, your downstream customers who are using your products. You know, if you're an oil company, being able to measure the emissions from the people, buying your gasoline and diesel fuel and everything else, but as you said, companies are being held more and more accountable to include scope three in their net, zero commitments from a social as well as a regulatory standpoint and when you look at trying to, to solve that naughty scope, three emissions problem with your customers, like, is this gonna require a technology answer for being able to trace things, or is this going to require some sort of legal or market infrastructure kind of development to help us track and account and make sure that we're not double counting or under counting?

Hannah Hauman (23m 47s):
So this is one of my favorite subjects at the moment, as I think it's the biggest problem that the market's not actually completely recognized yet. Which is the fact that net zero does include scope three and does include everyone's admission. So my, my favorite illustration is to look at Saudi Arabia, BP, the oil company and Delta Airlines, the airline, each of these three companies have net zero commitments, which include scope three or their indirect emissions, upstream and downstream. So in the most efficient supply chain in the world, you have triple counting of these emissions because each of them need to claim for each other. So it's not just the question of quantifying the carbon emissions that go through the supply chain. Again, whether that's for the regulated footprint disclosures or some other requirement within sustainability reports, it's now because net zero is a regulated claim.

Hannah Hauman (24m 46s):
How are you accounting for not just the quantity, but who is responsible at each part of the supply chain. So we think about this as is not necessarily a measurement issue as scope one or direct emissions measurement is actually quite straightforward. We really see this as a technology problem or specifically a big data problem, especially when we think about the commodity markets that have such complex supply chains and literally millions of different amalgamations and iterations of how product moves from A to B. So actually a big step that we announced this year was a joint venture with Palantir, a technology company. So I think quite an unusual mash up to see a, a commodity trading firm and a Silicon valley tech firm. However, we really believe that that's the ultimate unlock to begin with the track and what will long term really need to become this concept of trace. So that brings Blockchain very much into the discussion, but I think the, the market still trying to digest the first part of that equation.

David Greely (25m 49s):
Well, it's all very near and dear to our heart bringing technology and commodity markets together and making commodity markets smarter. So it's a fascinating endeavor that you've, that you've embarked upon and, you know, I also wanted to ask you, you know, you've worked in the mature traditional commodity markets, and now we have these carbon markets, which are very commodity, like, but they're very developing, you know, some have been around for 20 years, this is the second iteration, but you know, the people in them are new. The way they're developing is, is still ongoing and when you look at them, I'm curious, what are the, you know, the missing pieces that you see that are needed to allow these markets to grow and be successful and be more like the mature commodity markets.

Hannah Hauman (26m 37s):
So I think in the last 12 months, we have seen huge strides in terms of moving this market from especially in the voluntary space from a quite heterogeneous and quite opaque market to already a much more defined commodity space with the advancement of a number of exchanges, a number of futures contracts that are really starting to give the same flavors of what we would see in more traditional physical commodities. However, there is a lot more to be done when it comes to both compliance and voluntary carbon markets. The big one that underpins basically everything that we touch is policy and in particular consistent predictable policy from governments that can range from treatment of the emission trading schemes. When we think about the regulated markets and how these fundamentals are defined by the government and really how they're upheld, this could also be around voluntary markets.

Hannah Hauman (27m 36s):
So that specification issue that I mentioned previously, where corporate buyers are looking for, what is okay to be called a carbon offset when I'm making these investor claims is this acceptable, but then there's an entire realm of the market, which we're now walking into, which is the concept and potential conflict of sovereign carbon, which is when we are looking at carbon projects globally, how is the voluntary market intersecting with the new global compliance market that we see being operationalized under Paris and how are countries treating this with regards to nationalization risk or carbon levies, but really that stable and consistent political structure is really what markets are looking for to be able to invest in the long-term and provide a seamless transition as we go forward.

David Greely (28m 24s):
And I'm curious with the this ultimate merger and, you know, tension between the compliance markets and the voluntary markets how do you see that coming together at this point. I know a lot of folks in the markets think that ultimately the voluntary markets will become part of the global compliance markets, but there sure seems to be a lot of tension about which of these projects get to be counted by governments, which get to be counted by corporates and a big risk that, you know, what a corporate might think they're investing in today might be claimed by a government in the future.

Hannah Hauman (29m 00s):
Indeed. And I think that that word hits the nail on the head, which is tension and especially while we are in this dynamic period of really the rules being written, where does the fallout occur and, and kind of how do we see, see what the final verdict is when we think about the voluntary market in particular and by the way, I think voluntary might be the biggest misnomer in the market in truth. This is just corporate compliance or, or pseudo compliance, but it is indeed another intersection between that private sector and public sector. As again, we have the public sector and the private sector, both trying to advance to the same end goal, but with very different ideas of how we get there. So the moment that you have a corporate, so if I'm Microsoft and I now want to purchase tons from Gabon, I now need express approval from Gabon that material can be exported and that Gabon won't sell that same ton twice elsewhere.

Hannah Hauman (29m 58s):
So this is a natural tension. An inherent tension is ultimately net zero is a single ledger there are not two net zeros between corporates and countries. So I think we'll see a lot of developments on this this year. This is by far the most dynamic space in the market at present. In fact, we saw another three proposals for draft legislation on treatment of carbon exports just in the last week, but in the moment, this is just another area for uncertainty specifically for the corporates as they're looking to make their goals, and is really only solved by clear, consistent policy and that close collaboration between the public and private sector to ultimately drive more carbon finance into country and to invest in the projects that are necessary for achieving net zero

David Greely (30m 47s):
And on that topic of tensions and the need for collaboration you know, when we started talking today, I was noting that the carbon markets are attracting people from a really wide variety of backgrounds and with those different backgrounds, from different mindsets and cultures and ways of doing things and that can make it challenging to find common ground and I'm curious, what's been your experience coming from more of a commodities market background, and how do you try to find common ground with people across the policy space, government officials, environmentalists, activists, really the whole spectrum.

Hannah Hauman (31m 22s):
So it's indeed I would say a highly varied group of individuals coming to the table and the conversations that we now have are completely different to anything we would have in, in our traditional physical commodity spaces. So we're at the round table with policy makers, as they're looking for, what is carbon finance, friendly policy making. How do we create these frameworks to ultimately unlock a new GDP stream for countries, for example, but equally with the NGOs, how do we build on what's been, you know, decades in of fantastic working country, but adapt this to a way that markets can understand them and invest in them and make them bankable for, for ultimate scale and, and growth in that respect. So I would say very different cultures, absolutely very different ideas and in ways of working. But one thing that's been extremely exciting is there is no shortage of enthusiasm.

Hannah Hauman (32m 18s):
And this is from every side of the table. There is a very clear idea of what the end goal is, and oftentimes just different ideas on the paths to get there. But I think the overwhelming message we increasingly get from the NGO space in particular is this new found enthusiasm and this new definition of what sustainability actually means sustainability is, you know, historically the element of green or, or kind of the eco-friendly side of things, but in truth, it's also longevity. It's also long lasting. And increasingly we see the NGOs as seeing markets, as providing a new definition to that word, sustainability, where projects now can live for the long term and ensure that they're delivering against those climate goals without necessarily waiting for next year's fundraiser, for example.

David Greely (33m 07s):
Right. And one thing I've noticed is people from policy backgrounds often feel the need and probably the pressure to get things right the first time, you know, otherwise you're, you're open to ridicule and vilification and everything else. Whereas I think markets, people are a little bit more evolutionary in their mindset where it's like, well, we'll try this and then if it works great, if it doesn't, we'll try something different and that's a, it's a very different way of approaching things and I was curious if, if you run into that distinction with the people you deal with.

Hannah Hauman (33m 40s):
No, a absolutely. And I think we, we often kind of look that seeking the perfect at the moment is really the enemy of the good. So as I mentioned before, we see so many corporates, very much afraid of making the wrong move that they make. Absolutely no move, which at the moment, you know, with eight years to 2030, we don't have much time to begin with, you know, let alone to find the, the absolute perfect policy or the absolute perfect framework. So I think there's a bit of grace that's required. There's a bit of, I think, emphasis on iteration. I think we've already seen, you know, the private sector do quite a bit for these markets and to the point where the advancements in the last 12 months have already grown the voluntary markets in particular to over a billion dollars last year which is very exciting and very promising for what carbon finance can deliver along into the future.

Hannah Hauman (34m 30s):
But there's this idea of it doesn't need to be perfect today. It just needs to be a baseline that we can then improve upon as we go into the future. But indeed I think especially the NGOs come from a space of generally zero sum or really trying to find the ultimate perfect solution when in truth, the energy transition needs everything and all at once. So we're very keen, I think, to, to progress with policy

makers and NGOs alike to start to deliver immediate climate action as soon as possible, obviously with as clear policy as we can manage, but really iterating together with that cross table collaboration that we've already begun.

David Greely (35m 10s):
And I, I get, I'm a little hesitant to ask you my final question, which I'm asking to all of our guests, because I think you must be doing a tremendous amount of reading, staying on top of all these policy proposals and changes in markets, but you know, for our summer playlist, you know, we think of that as beach reading in a podcast and I'm asking each of our guests, you know, what is on their own personal beach reading list this summer. So it might all be policy proposals, but what are you reading this summer Hannah?

Hannah Hauman (35m 37s):
So I am thrilled to say that I actually begin some bee trading this Friday. So looking forward to that, but one thing I really find fascinating about the energy transition beyond the overall puzzle of what's needed to solve is what this is going to do in terms of the geopolitical stage. So you'll probably notice a, a theme, but my, my list to, to start on is Principles for Dealing with the Changing World Order by Ray Dalio and also the End of the World is Just the Beginning. So mapping the collapse of globalization. So I think these are very salient themes, obviously with today's geopolitical situation, but especially as we think about energy transition and what this does for commodity and ultimately GDP flows as energy increasingly becomes much more local versus global, but looking forward to digging into that next week,

David Greely (36m 25s):
That sound great. I, I know rays works well. I'm curious what got you interested in the second book?

Hannah Hauman (36m 31s):
That one was a recommendation by a friend down the floor, actually.

David Greely (36m 35s):
Terrific. Those are often the best reads. Well, I just wanted to thank you so much for being on with us for our summer playlist. I'm glad you're gonna get outta the office for a little bit and enjoy the, a little bit of the summer, at least. So thanks so much for making time to be with us today.

Hannah Hauman (36m 49s):
Great. Thanks so much, Dave.

David Greely (36m 51s):
Thanks again to Hannah Hauman, Global Head of Carbon Trading at Trafigura we hope you enjoyed the episode. Join us next week. As we continue our summer playlist on smarter markets with our next special guest, we hope you'll join us.

Announcer (37m 05s):
That concludes this week's episode of smarter markets by Abaxx. For episode transcripts and additional episode information, including research editorial and video content, please visit smartermarkets.media. Smarter Markets is 100% listener driven. So please help more people discover the podcast by leaving a review on Apple Podcast, Spotify, YouTube, or your favorite podcast platform. Smarter Markets is presented for informational and entertainment purposes only. The information presented on Smarter Markets should not be construed as investment advice, always consult a licensed investment professional before making investment decisions. The views and opinions expressed on Smarter Markets are those of the participants and do not necessarily reflect those of the show's hosts or producer. Smarter Markets, it's hosts guests, employees, and Producer Abaxx Technologies shall not be held liable for losses resulting from investment decisions based on informational viewpoints presented on Smarter Markets. Thank you for listening and please join us again next week.