

ESG

17 June 2025

ESG Country Updates

Singapore

- The revenue collected from Singapore's carbon tax for 2024 is projected to be about S\$642 mn, lower than the expected revenue of S\$1 bn assuming emissions remained at similar levels to previous years. This is likely due to the transitory allowances given to some companies to support them in staying competitive in the region. However, the higher revenue compared to 2023 reflects the higher carbon tax rate of S\$25/t. None of the large emitters have used carbon credits to offset their taxable emissions, due to the lack of supply of eligible international carbon credits. Governments are working on operationalising carbon credit collaborations to achieve both countries' climate targets.
- Singapore and Indonesia have signed three agreements to strengthen cooperation in clean energy and sustainable development, focusing on cross-border trade in low-carbon electricity trade, carbon capture and storage (CCS), and the development of sustainable industrial zones on several Indonesian islands near Singapore e.g. Batam, Bintan and Karimun. The deals reaffirm an earlier agreement to export solar power from Indonesia to Singapore, and plans to advance cross-border CCS projects in efforts to achieve both countries' climate goals.

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Malaysia

- Malaysia-based steel producer MAEGMA Minerals has signed a memorandum of understanding with engineering company Primetals Technologies to establish a green steel plant that will make 2 mn tonnes of hot briquetted iron (HBI) annually in Perak, Malaysia. The plant will be equipped with hydrogen-ready equipment and pipelines to emit significantly lower emissions than traditional coal-fired facilities, scheduled to start operating in 2029. This can allow the company to meet the growing demand for high quality commercial HBI in Southeast Asia with a lower carbon footprint.

Rest of the world

- Britain plans to invest £14.2 bn to build the Sizewell C nuclear plant in Southeast England, as part of its wider spending review that will define its priorities over the next four years. It is seeking to build new nuclear plants to replace its ageing fleet to help boost its energy security and achieve its climate targets. The Sizewell C plant is also expected to create around 10,000 jobs during the construction phase. This project reflects a renewed interest in nuclear energy globally as governments strive to achieve their climate goals.

- The World Bank's board has agreed to end a longstanding ban on funding nuclear energy projects in developing countries as part of a broader push to meet rising electricity needs. There has been renewed interest in nuclear energy because of more advanced nuclear technologies such as Small Modular Reactors. More Southeast Asian countries are also relooking at including nuclear energy in their clean energy plans to achieve their climate goals.


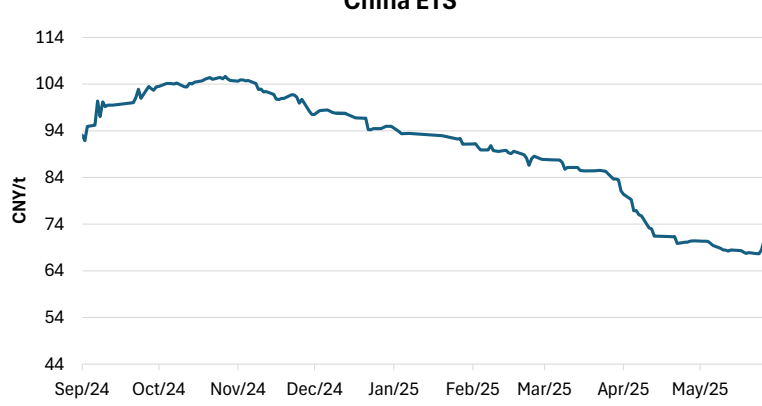

Special Coverage: EUDR country risk classifications and compliance challenges

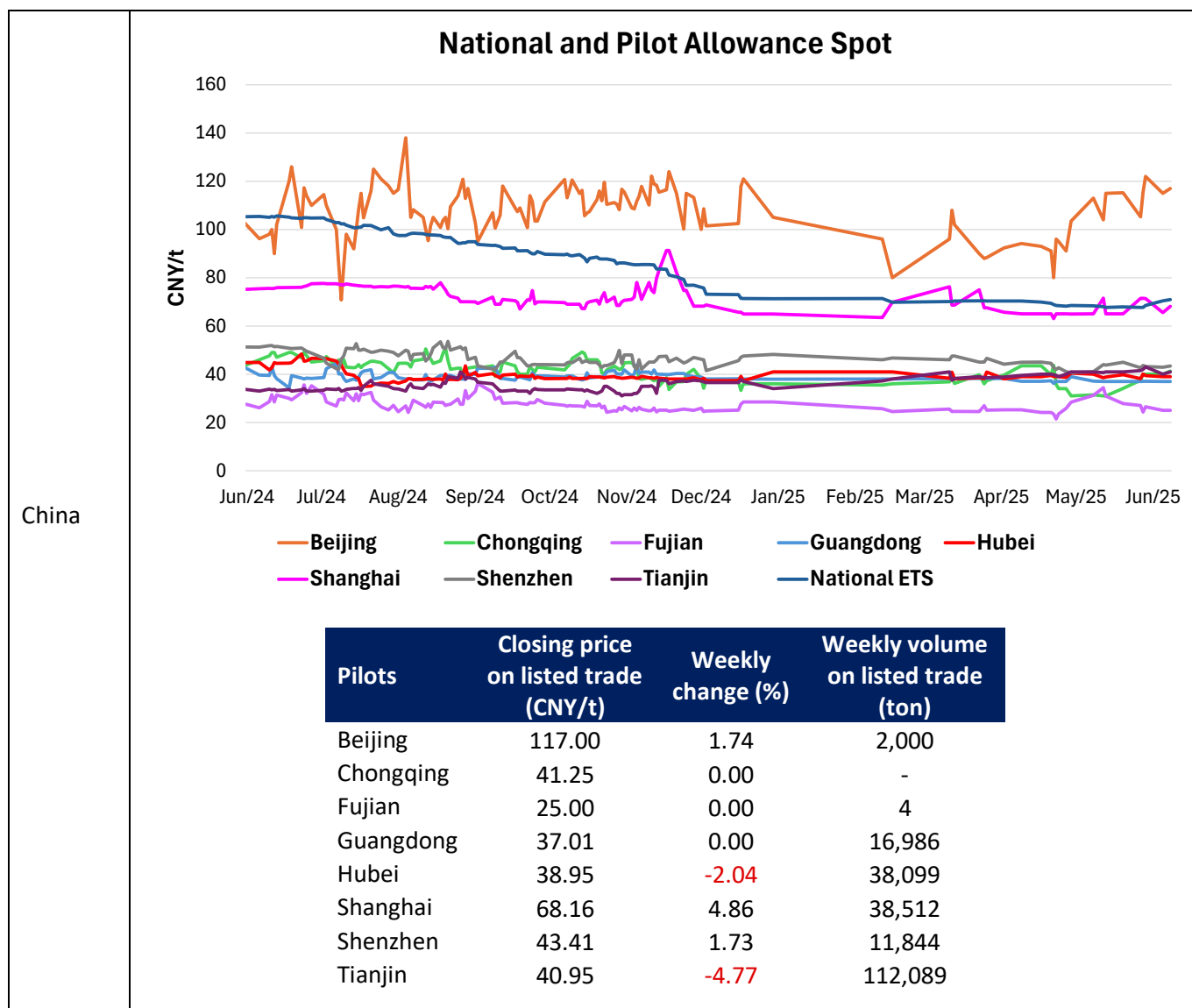
- The European Commission released its list of country risk classifications under the EU Deforestation Regulation (EUDR), based on legal frameworks and enforcement practices, as well as trends in deforestation and agricultural expansion. Only Belarus, Myanmar, North Korea and Russia were classified in the high-risk category.
- Low-risk countries (e.g. China, Singapore, Thailand) under the EUDR are subject to simplified due diligence and lower compliance costs for exporters from these countries. Standard-risk countries (Cambodia, Indonesia, Malaysia) require more stringent documentation, traceability and risk mitigation for exports to the EU. However, Malaysia has expressed concern over the EU classifying the country as standard risk, saying the designation was based on old data.
- The EU Commission has simplified its EUDR requirements to help reduce administrative burden and granted a 12-month additional phasing-in period. While the simplified EUDR measures reduce direct compliance burdens for smallholders and SMEs, smallholders may still face indirect challenges such as exclusion from EU supply chains and difficulties meeting traceability requirements (e.g. geolocation for all plots of origin).
- The risk classification will be reviewed in 2026 to reflect updated data and potential changes in country practices, legal frameworks and enforcement practices.

Country	EUDR risk classification
Brunei Darussalam	Low risk category
China	Low risk category
Laos	Low risk category
Singapore	Low risk category
Thailand	Low risk category
The Philippines	Low risk category
Vietnam	Low risk category
Cambodia	Standard risk category
Indonesia	Standard risk category
Malaysia	Standard risk category
Myanmar	High risk category

Carbon Markets: Weekly Overview

ETS Markets	Price	Weekly change	Week high	Week low
EU ETS (EUR/ton)	75.94	3.3%	75.94	72.66
China ETS (CNY/ton)	70.96	4.5%	70.96	67.67

Market	Commentary	
EU ETS	<p>EU ETS prices saw a 3.3% weekly gain amid the surge in energy markets, remaining above the €75/t level. The market is closely watching the Israel-Iran conflict, focusing on potential disruptions to LNG flows through Egypt which could present mild upside risk to European gas and consequently EUA demand.</p>	<p>EU ETS</p> 
China	<p>National ETS: Prices saw a 4.5% weekly gain, its largest weekly rise in six months. Market trading was active with a total traded volume of 31,549,915 tons, up 42.1% from the previous week, reflecting stronger market demand.</p> <p>CCER: The CCER transaction price range was CNY 80.05 – 89.32/t last week. Transaction volumes rose to 208,125 tons, the highest single-week volume since the CCER market relaunch.</p> <p>Pilot ETSS: Traded volumes increased by more than four times that of the previous week, totalling 373,227 tons. Prices in the Hubei and Tianjin ETSSs fell, while the rest of the pilot ETSSs saw prices increase.</p>	<p>China ETS</p>  <p>China CCER</p> 



Source: Refinitiv Workspace, Carbon Pulse

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Co.Reg.no.: 193200032W