

**ESG**

8 July 2025

**ESG Country Updates****Singapore**

- A government alliance between Singapore, the UK and Kenya was launched on 24 June at the London Climate Action Week to spur corporates in those countries to voluntarily buy carbon credits as part of their decarbonisation efforts. Other nations are also invited to join the coalition which hopes to raise the standards of the voluntary carbon market globally. The Singapore Government has also published a draft guidance document to support companies in using carbon credits as part of a credible decarbonisation plan, which is open for feedback until 20 July.
- Singapore boosted the share of renewables in its power generation mix to a record high in May, due to increased renewable imports and accelerated local solar power generation, increasing the share of renewables in Singapore's energy mix to 2.58%. In the five months through May, the data showed Singapore imported 122.7mn kilowatt-hours of clean power, or 0.52% of total generation. This percentage is expected to increase as Singapore has plans for the development of more low-carbon cross-border projects, alongside grid infrastructural upgrades.
- Singapore and the Maldives, which are both small island states vulnerable to climate change, have signed an agreement to work together on sustainability initiatives. They plan to cooperate on capacity building and technical and vocational education training. This can support both countries in mitigating and adapting to the impacts of rising sea levels, increased global temperatures and extreme weather on small island states.

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- China's EV battery manufacturer CATL has kickstarted the construction of its US\$5.9bn integrated nickel project spread across two provinces in Indonesia, i.e. North Maluku and West Java. The project is expected to be in operation by the end of 2026 and produce EV batteries with storage capacity of up to 15GWh. The project will also involve the development of nickel mines and smelters, as Indonesia seeks to move up the global metals supply chain by having companies build smelters, battery factories and EV factories in the country. This project can enhance Indonesia's strategic position in the global EV supply chain.

- Indonesia and New Zealand see opportunities for cooperation in the fields of trade and green economy to support sustainable trade in the region. Opportunities include exports of agricultural support products, such as fertilizers and agricultural tires, as well as for cooperation in building farmers' capacity. Through the Indonesia-New Zealand Comprehensive Partnership framework, both nations are committed to strengthening trade ties through the 2025-2029 Action Plan. The Second Protocol to Amend the ASEAN-Australia-New Zealand Free Trade Area (AANZFTA) also serves as a key platform to deepen economic ties between Indonesia and New Zealand, focusing on micro, small, and medium enterprises (MSMEs), sustainable trade, and improved market access.

### Malaysia

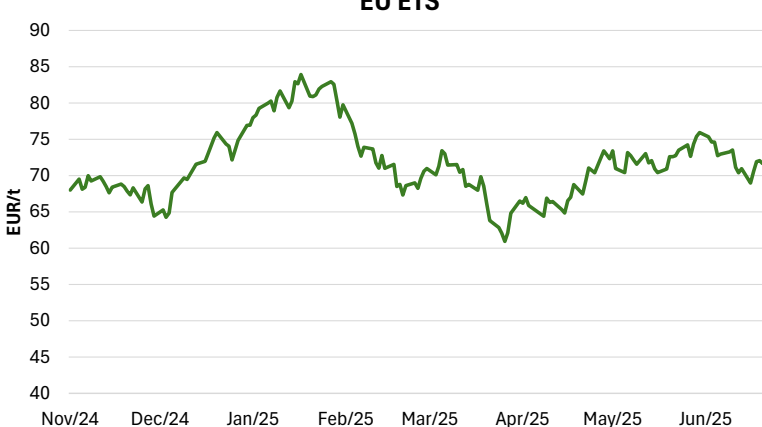
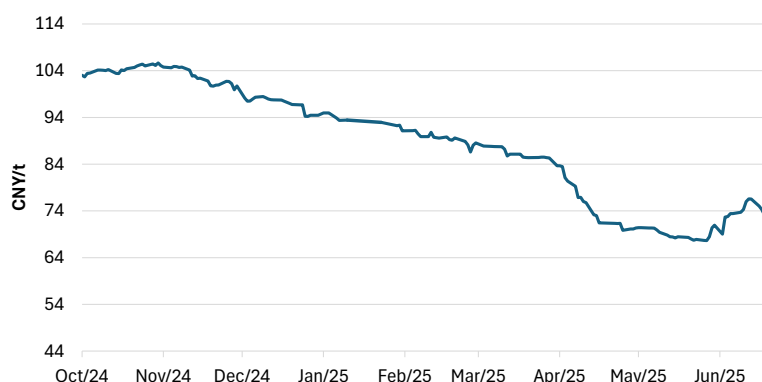

- Malaysia has set up a special committee to strengthen the country's response to the EU's anti-deforestation law. Malaysia is currently classified under the standard risk category alongside Indonesia and Cambodia, compared to other Southeast Asian countries classified under the low-risk category including Singapore, Thailand, Vietnam and the Philippines. A key priority of the committee is to secure Malaysia's status as a low-risk country under the framework and strengthen its traceability systems. This can better support smallholders that may face challenges including the exclusion from EU supply chains and difficulties meeting traceability requirements.
- Malaysia's Prime Minister updated that the country's proposed carbon tax will be finalised in several months, and assured that the carbon tax should not be seen as a hindrance for companies investing in Malaysia. The government plans to introduce the carbon tax in 2026, specifically targeting the iron, steel and energy industries. This is part of the country's efforts to promote the use of low-carbon technologies and reduce national emissions.

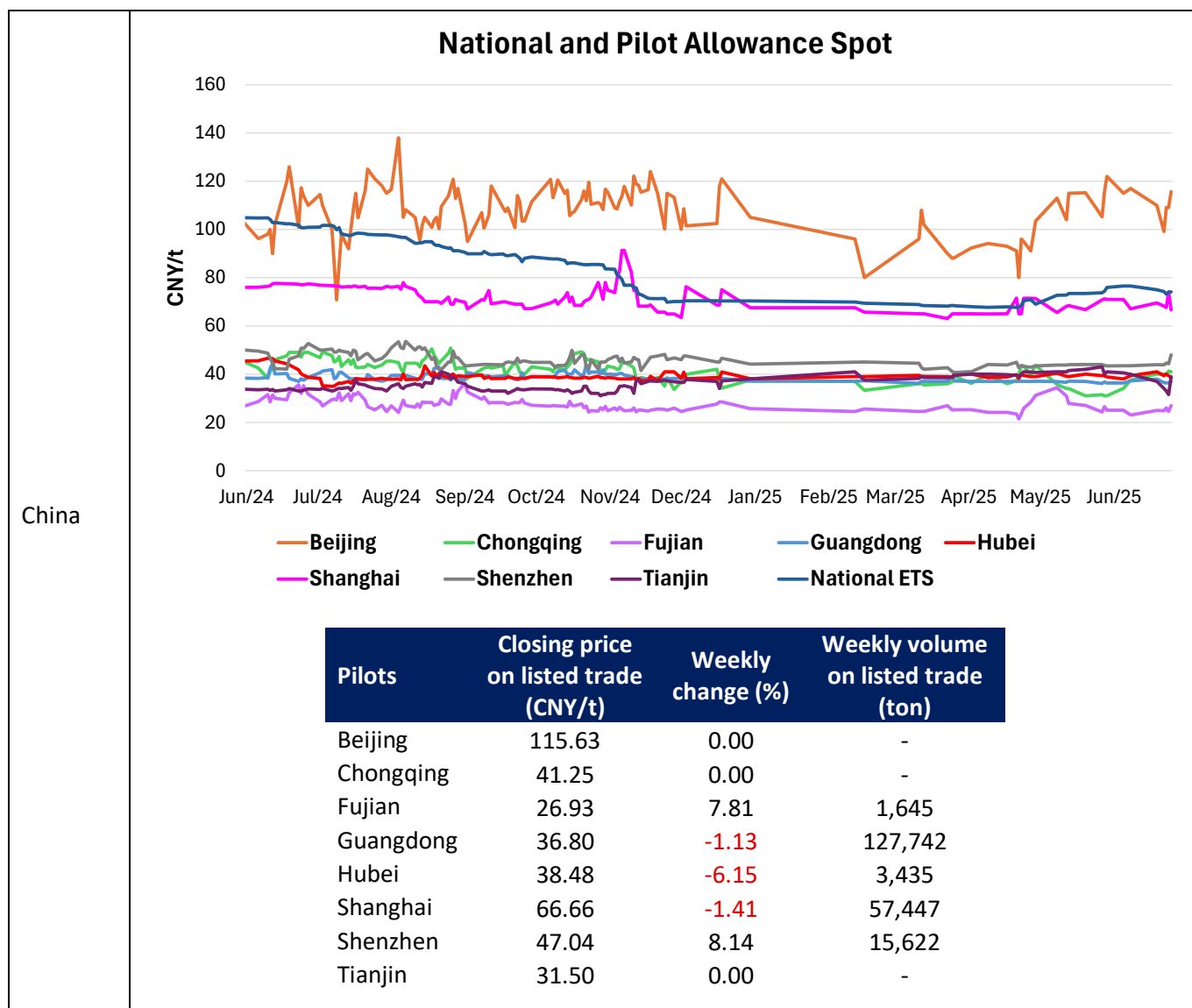
## Special Coverage: EU CBAM compensation and expansion to downstream products

- The EU Commission has proposed an EU climate target for 2040 that will allow countries to use carbon credits from developing nations to meet a limited proportion of their emissions goal. The carbon credits would be phased in from 2036, and the EU will propose legislation in 2026 to establish quality criteria they must meet and rules on who would buy them. The carbon credits are expected to be high-quality and this move is designed to ease the burden on member states, particularly those concerned about the cost and competitiveness impacts of stricter climate regulations. It introduces greater flexibility but has drawn criticism for potentially weakening the EU's climate ambition and risking the diversion from implementing actual emissions reduction measures.
- The EU Commission will also propose a scheme by end 2025 that uses revenues raised by the EU's carbon border adjustment mechanism (CBAM) to support companies in staying competitive and preventing carbon leakage. Aluminium and steel producers have called for such compensation, as they will gradually lose the free carbon permits they currently receive from the EU when the CBAM kicks in from 2026. The scheme also plans to prevent foreign companies from circumventing the EU carbon border tariff.
- Concurrently, there is a public consultation on an initiative that aims to extend the CBAM scope to some downstream products to further reduce the risk of downstream carbon leakage. Extending CBAM to downstream goods is intended to close loopholes in the current system, where only basic materials are covered, and prevent circumvention of carbon costs by shifting emissions-intensive activities down the value chain. The expansion may increase reporting and compliance requirements for companies, although recent regulatory changes aim to simplify procedures for smaller importers and reduce administrative burden.

## Carbon Markets: Weekly Overview

ETS markets	Price	Weekly change	Week high	Week low
EU ETS (EUR/ton)	71.67	1.0%	72.06	68.97
China ETS (CNY/ton)	74.08	-3.2%	76.54	73.11

Market	Commentary	
EU ETS	<p>EU ETS prices saw a 1% weekly gain, as the bullish momentum continues although signs of slowing are emerging. Gas prices have been rising recently, providing additional support for carbon prices. The market is watching 9 July for a resolution to the ongoing US-EU tariff dispute.</p>	<p><b>EU ETS</b></p> 
China	<p><b>National ETS:</b> Prices fell by 3.2% to CNY 74.08/t. Traded volumes fell by 62.34% to 2,465,255 tons, primarily due to the sharp decline in OTC transactions.</p> <p><b>CCER:</b> The CCER transaction price range was CNY 87.01-88.50/t last week, with increased traded volumes.</p> <p><b>Pilot ETSS:</b> The pilot ETSSs traded 305,891 tons, down 29.67% from the previous week. The Guangdong pilot ETS had the highest traded volume this week, boosted by OTC transactions, though its average transaction price was 30.79% lower than the listed trading price.</p>	<p><b>China ETS</b></p>  <p><b>China CCER</b></p> 



Source: Refinitiv Workspace, Carbon Pulse

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