ESG

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ESG Country Updates

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Malaysia

- WWF-Malaysia and the Business Council for Sustainable Development (BCSD) Malaysia announced a partnership aimed at advancing plastic circularity within the private sector, with a special focus on the hospitality, retail, and fast-moving consumer goods (FMCG) industries. BCSD Malaysia will lead the rollout of the Plastic Circularity Clinic Series through December 2025, offering focused workshops and knowledge-sharing sessions for key industries. WWF-Malaysia has also developed the Plastic Circularity Toolkit, a digital assessment platform designed to help businesses evaluate, benchmark, and improve their plastic waste management practices. The initiative supports the goals outlined in the Malaysia Plastic Sustainability Roadmap 2021–2030, which called for a 25% recycling rate for plastic packaging by 2025 and the phasing out of single-use plastics by 2030.

China

- Southwest China's Guizhou province has in recent years accelerated the construction of a new energy base by building advanced coal-fired power generation units and developing wind power, photovoltaic power and other new energy industries. By the end of June 2025, Guizhou's total installed power capacity had exceeded 100 mn kilowatts, of which clean energy accounted for more than 60%, according to the energy administration of Guizhou. However, clean energy curtailment remains a problem in China as the country's rate of renewable energy expansion far exceeds the growth rate of the power grid and energy storage.

Rest of the world

- Germany's economy ministry and the European wind industry have launched plans to diversify the supply of key components primarily used in offshore wind turbines by 2035 to reduce its dependence on China. This is part of its broader de-risking strategy amid geopolitical tensions with China, and after the energy crisis sparked by Russia's war in Ukraine underscored the risks of relying heavily on a single country for essential supplies.

- Despite not participating in UN climate talks, the US is engaged in UN plastic treaty talks, urging other countries to reject the goal of a global pact that includes limits on plastic production and plastic chemical additives. Significant divisions persist between oil-producing countries, which oppose restrictions on the production of virgin plastics fueled by petroleum, coal, and gas, and groups such as the EU and small island states which support imposing limits and call for stricter regulation of plastic products and hazardous chemicals. The Trump administration continues to roll back climate and environmental policies that it argues place excessive burdens on industry across various sectors, including renewables, electric vehicles and plastics.

- BHP is leading a global consortium of steelmakers to explore carbon capture, utilisation and storage (CCUS) opportunities across Asia. The group, comprising ArcelorMittal Nippon Steel India, JSW Steel, Hyundai Steel, Chevron Corp and Mitsui & Co will assess the deployment of CCUS in hard-to-abate sectors, such as steelmaking. The one-year pre-feasibility study will focus on the potential to develop large-scale projects in Asia, which could repurpose or store captured carbon dioxide. Although carbon capture technologies are fairly advanced, they face cost and regulatory challenges in many Asian markets. The consortium will assess how shared infrastructure can reduce costs, consolidate sufficient volumes of carbon dioxide for storage or reuse, and spread risks among participating companies.

Special Coverage: China's renewable energy expansion requires grid upgrades to keep pace

- China's rate of renewable energy expansion far exceeds the growth rate of the power grid and energy storage. This happens when supply exceeds demand or when there are bottlenecks in the grid that interfere with power transmission.

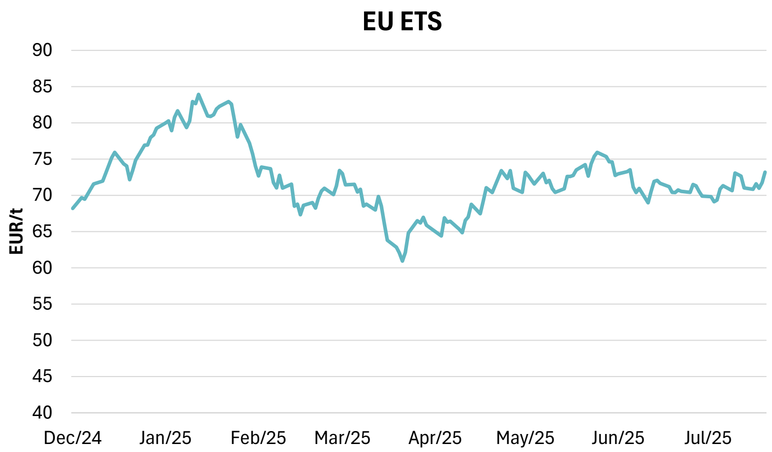
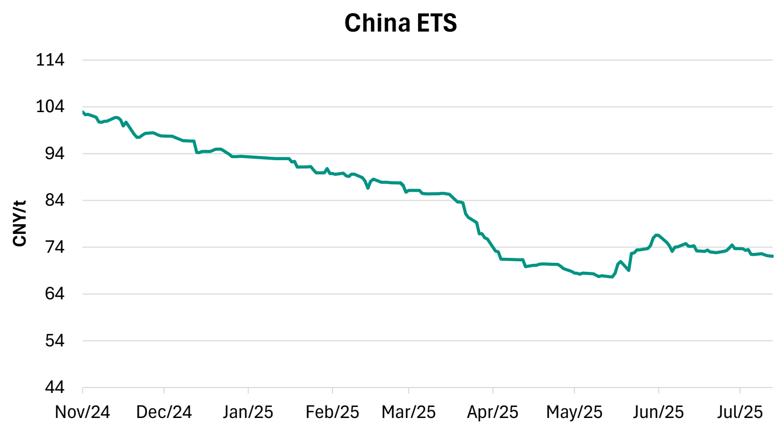
- China raised its tolerance for curtailments from 5% to 10% to account for the lag between developing renewable energy projects and connecting them to the electricity grid. Unless grid upgrades can catch up with the rate of renewable energy expansion, investments in renewable energy projects may be threatened especially for western regions including Tibet, Xinjiang and Qinghai that have exceeded curtailment limits. For example, Qinghai curtailed 15.2% of its solar power in 1H2025, up from 8.8% in the same period last year. Regions with higher electricity demand report minimal to no curtailment, including Shanghai, Chongqing and Fujian.

- The National Environmental Agency wants the grid to accommodate annual expansions of more than 200 GW of renewable power to 2027, although meeting that target while keeping curtailment rates below 10% will be challenging. Deteriorating renewable project returns from rising curtailment and decreasing power prices may lead to a significant investment slowdown. Rising curtailment is also one reason China is investing in projects like the hydropower dam on Yarlung Tsangpo River in Tibet, as hydropower output can be adjusted based on demand.

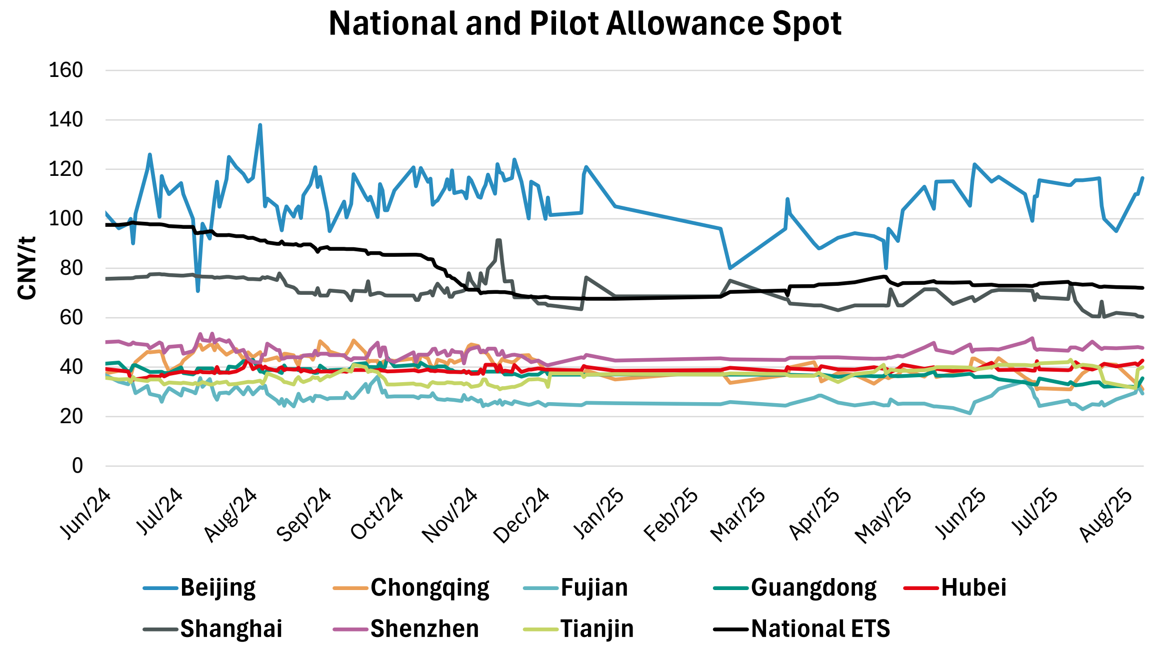
Region	Solar curtailment rate (1H 2024)	Solar curtailment rate (1H 2025)	Wind curtailment rate (1H 2024)	Wind curtailment rate (1H 2025)
Tibet	5.1%	33.9%	2.3%	30.2%
Qinghai	8.8%	15.2%	-	-
National	3%	5.7%	3.9%	6.6%

Carbon Markets: Weekly Overview

ETS markets	Price	Weekly change	Week high	Week low
EU ETS (EUR/ton)	73.21	3.1%	73.21	70.85
China ETS (CNY/ton)	72.09	-0.5%	72.62	72.09

Market	Commentary
EU ETS	EU ETS prices posted their highest settlement price in more than six weeks as a result of strong buying. The heatwave across Europe has been pushing up cooling demand, thereby increasing power sector emissions and EUA demand. French nuclear output and wind generation also decreased, increasing reliance on thermal power and further driving EUA demand. 
China	**National ETS**: Prices fell slightly by 0.5% to CNY 72.09/t. Total volumes rose 30.17% from the previous week, mainly due to a 63% increase in OTC transactions. **CCER**: The CCER transaction price range was CNY 78.00-82.39/t last week, with transaction volumes down 77.91% from the previous week at only 15,180 tonnes. **Pilot ETSs**: The Shenzhen pilot ETS was particularly active, accounting for 67.32% of total transacted volumes and driven by the approaching compliance deadline on 31 Aug.  

China



Pilots	Closing price on listed trade (CNY/t)	Weekly change (%)	Weekly volume on listed trade (t)
Beijing	116.49	16.49	4,500
Chongqing	31.00	-24.85	3,840
Fujian	32.58	0.00	-
Guangdong	35.48	7.97	13,164
Hubei	42.66	3.04	13,519
Shanghai	60.30	-2.74	35,175
Shenzhen	47.79	0.95	75,184
Tianjin	40.00	0.00	-

Source: Refinitiv Workspace, Carbon Pulse

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