

ESG

2 September 2025

ESG Country Updates

Singapore

- The Accounting and Corporate Regulatory Authority (Acra) and Singapore Exchange Regulation (SGX RegCo) have pushed back most climate reporting requirements for listed small and mid-sized companies by five years. While all listed companies were supposed to make climate-related disclosures aligned with standards by the International Sustainability Standards Board (ISSB) for financial years starting from January 2025, listed companies that are not constituents of the Straits Times Index (STI) and with a market capitalisation below S\$1bn need to do so only from FY2030. The extension follows a recommendation put forth in June by the Singapore Business Federation, as the majority of small and mid-sized companies were not confident in meeting the original timeline. The extension also considered the uncertain global economic landscape, thereby supporting companies in developing reporting capabilities during this time. Non-STI constituents with a market capitalisation of S\$1bn and above will have to comply from FY2028. All listed companies, irrespective of their market size or whether they are an STI constituent, will still have to report their Scope 1 and Scope 2 emissions from this financial year. There will also be a three-year delay in mandating ISSB-aligned climate reporting for large non-listed companies. Instead of the original timeline of FY2027, non-listed companies with an annual revenue of at least S\$1bn and total assets of at least S\$500mn will have to make these disclosures only from FY2030.
- The national water agency PUB, alongside other relevant government agencies, will look into detailed studies to develop engineering designs of coastal protections structures to protect low-lying areas in Changi and the Greater Southern Waterfront against rising sea levels. These include three coastal barriers linking Sentosa, Pulau Brani and the mainland, retrofits to the Marina Barrage and raised coastal protection structures, among other measures set to begin construction in the 2030s. The Ministry of Sustainability and Environment and PUB will also introduce a Coastal Protection Bill next year, as well as launch a code of practice for coastal protection by the first half of 2026 to set standards for the design, construction and operation of coastal protection structures in Singapore.

Malaysia

- Malaysia Forest Fund (MFF), supported by the Ministry of Natural Resources and Environmental Sustainability, will launch a national standard in 1Q2026 to issue carbon credits and manage local forest projects. Host countries of carbon projects have adopted different pathways to implement their projects and regulate carbon markets. Some leverage independent international standards, such as Verra and Gold Standard, to issue nature-based carbon credits, while others like Thailand are developing tailored methodologies based on local

Ong Shu Yi

ESG Analyst

shuyiong1@ocbc.com

conditions. MFF is supporting Malaysia in implementing a system similar to Thailand's and may adopt some of the Thailand Voluntary Emission Reduction Program (T-VER) methodologies in the future. There are plans for projects to have specific labelling for their intended purpose, including Article 6 labelling, E-labelling which ensures no net harm to the environment, and S-labelling which ensures no net harm to the social community. MFF is in the process of finalising the first four methodologies, including afforestation, reforestation and restoration; improved forest management practices; wetland methodology; and REDD+ (reducing emissions from deforestation and forest degradation). While the methodologies appear to overlap with existing methodologies under international standards, MFF emphasised the importance of establishing a national system that is most suitable for Malaysia's local context.


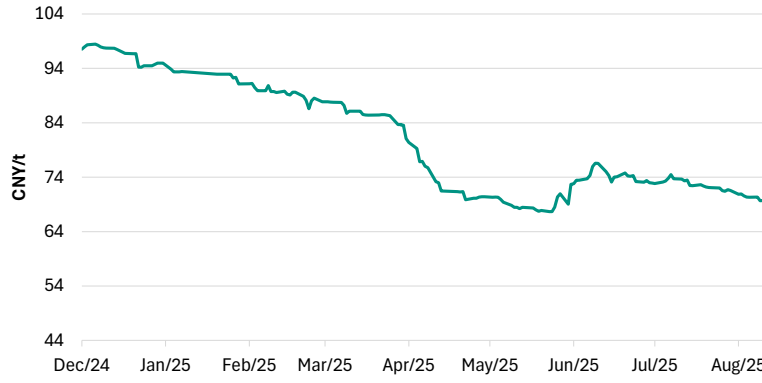
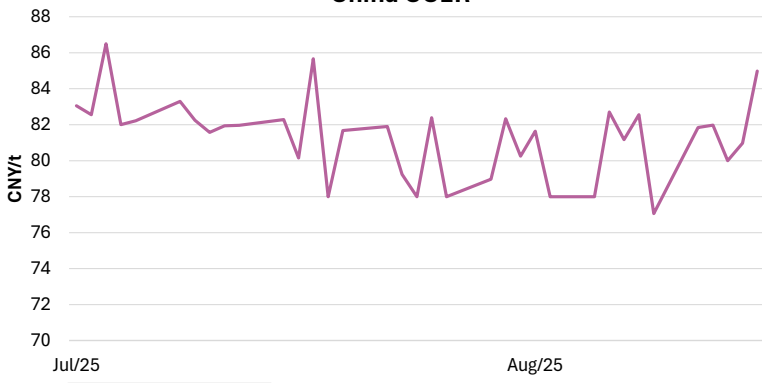
- Malaysia has been classified by the European Union as a 'standard risk' country under the EU Deforestation Regulation (EUDR), alongside Indonesia and Cambodia in the region. Other than Myanmar that has been classified as 'high risk', other Southeast Asian countries such as Singapore and Vietnam were classified as 'low risk'. Under the EU regulations, 3% of shipments from 'standard risk' countries need to be inspected by the authorities, while 'low risk' countries face less stringent due diligence rules. If Malaysia fails to acquire the 'low risk' status, the Ministry is planning for engagement sessions to be conducted with all industries that export agricommodity products to Europe to ensure they comply with EU requirements and remain competitive.

Special Coverage: China ETS to implement absolute emissions caps starting 2027

- China will tighten its carbon trading market by introducing absolute emissions caps in some industries for the first time starting by 2027. The absolute caps will be implemented first in industries with relatively stable carbon emissions by 2027, so that the China ETS will be established with absolute emissions caps and a combination of free and paid carbon emissions allowances (CEAs) by 2030. Currently, CEAs are based on carbon intensity benchmarks that are reduced over time, rather than absolute emissions caps.
- The China ETS previously covered only the power sector and has expanded to cover steel, cement and aluminium sectors, which together account for 60% of China's greenhouse gas emissions. There are plans for the China ETS to further expand by 2027 to cover more emissions intensive industries, possibly chemicals, petrochemicals and domestic aviation.
- The effectiveness of the China ETS has been limited by issues such as an oversupply of free allowances and data integrity issues e.g. manipulation and falsification of emissions data in early compliance cycles. Tightening the carbon market through absolute emissions caps, coupled with stricter regulatory controls over data integrity, can ensure stronger compliance aligned with progressively declining emissions reduction paths aligned with national climate targets. Similar ETS systems with absolute caps (e.g. EU ETS, California Cap-and-Trade) have demonstrated verified emissions reductions and market effectiveness.

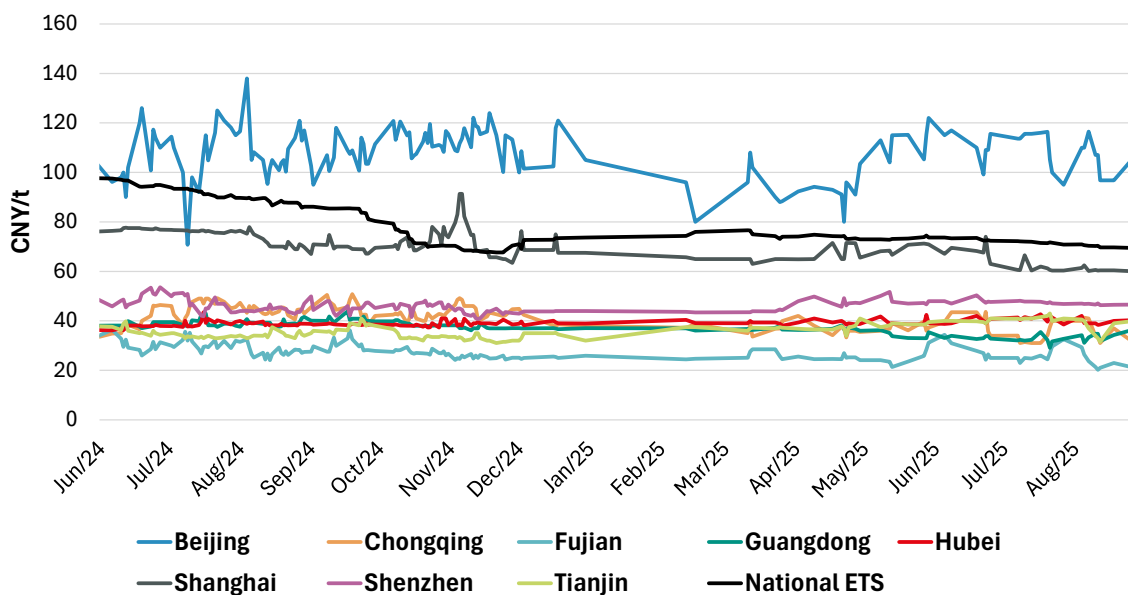
Carbon Markets: Weekly Overview

ETS markets	Price	Weekly change	Week high	Week low
EU ETS (EUR/ton)	72.99	0.6%	72.99	71.72
China ETS (CNY/ton)	69.30	-1.4%	70.34	69.30

Market	Commentary	
EU ETS	<p>EU ETS prices rose by 0.6% from the previous week. Compliance buying can put a floor in September above €70 mostly for shipping buyers, due to the looming 30 September compliance deadline. Before the compliance deadline change, September price spike was also seen in historical seasonality patterns since 2020.</p>	<p>EU ETS</p> 
China	<p>National ETS: Prices fell by 1.4% from the previous week and closed the week at CNY 69.30/t. Traded volumes rose by more than 165% from the previous week to 6,037,485 tonnes. Policy announcements related to the China ETS could have contributed to some boost in activity.</p> <p>CCER: The CCER transaction price range was CNY 80-84.98/t last week. The second batch of CCERs is in the process of being issued, which has boosted market sentiment. The issuance of new volume is expected to increase trading activity in the coming weeks, with prices already trending higher amid the increase in activity.</p>	<p>China ETS</p>  <p>China CCER</p> 

Pilot ETSs: The total traded volume across the pilot ETS markets was 556,691 tonnes last week, up 4.56% from the previous week. The Shenzhen pilot ETS continued to account for the highest volume at 79.65% of all traded volume, with prices broadly unchanged on the week at CNY 46.56/t. Prices in the Hubei pilot ETS increased by 10.62%, while prices dropped in the Tianjin pilot ETS with only one day of trading activity reported throughout the whole of August.

National and Pilot Allowance Spot



Pilots	Closing price on listed trade (CNY/t)	Weekly change (%)	Weekly volume on listed trade (t)
Beijing	106.39	9.90	6,890
Chongqing	34.00	9.68	99
Fujian	18.91	-9.95	260
Guangdong	32.90	-5.43	1,466
Hubei	42.40	10.62	36,994
Shanghai	60.05	-0.66	66,547
Shenzhen	46.56	-0.06	202,904
Tianjin	28.35	-29.13	1,049

Source: Refinitiv Workspace, Carbon Pulse

Macro Research

Selena Ling
Head of Research & Strategy
lingssselena@ocbc.com

Tommy Xie Dongming
Head of Asia Macro Research
xied@ocbc.com

Keung Ching (Cindy)
Hong Kong & Macau Economist
cindyckeung@ocbc.com

Herbert Wong
Hong Kong & Taiwan Economist
herberthtwong@ocbc.com

Lavanya Venkateswaran
Senior ASEAN Economist
lavanvavenkateswaran@ocbc.com

Ahmad A Enver
ASEAN Economist
ahmad.enver@ocbc.com

Jonathan Ng
ASEAN Economist
jonathannq4@ocbc.com

Ong Shu Yi
ESG Analyst
shuyionq1@ocbc.com

FX/Rates Strategy

Frances Cheung, CFA
Head of FX & Rates Strategy
francescheung@ocbc.com

Christopher Wong
FX Strategist
christopherwong@ocbc.com

Credit Research

Andrew Wong
Head of Credit Research
wongvkm@ocbc.com

Ezien Hoo, CFA
Credit Research Analyst
ezienhoo@ocbc.com

Wong Hong Wei, CFA
Credit Research Analyst
wonghongwei@ocbc.com

Chin Meng Tee, CFA
Credit Research Analyst
menqteechin@ocbc.com

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Co.Reg.no.: 193200032W