GLOBAL MARKETS RESEARCH

ESG

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ESG Country Updates

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Singapore

- The Energy Market Authority has appointed Mott MacDonald, a consultancy firm with experience in the nuclear energy industry, to study the safety and feasibility of advanced nuclear technologies such as small modular reactors (SMR). SMRs have gained growing attention in Singapore and the region, as they are thought to be suitable for Singapore as a land-scarce and population-dense country. The one-year study will be based on the safety features, technology maturity and commercial readiness of the advanced technologies. Mott MacDonald's appointment follows EMA's December 2024 call for proposals from consultants to study the safety performance of various advanced nuclear technologies being developed globally. Besides technology, Singapore will also need to build capabilities and conduct assessments across multiple areas such as environmental impact analysis.

- The Green Investments Partnership (GIP), a blended finance partnership under Singapore's Financing Asia's Transition Partnership (FAST-P) initiative, has achieved its first close with US$510 million of committed capital from global and regional private, public and philanthropic institutions, such as Temasek and European governments. The GIP will deploy debt financing for climate-related, marginally bankable sustainable infrastructure projects in South-east and South Asia. Such infrastructure projects include renewable energy plants and storage, electric vehicles, transport, and water and waste management projects, among other sectors critical to the regions' energy transition. As these projects have traditionally struggled to attract financing due to perceived risks, FAST-P can unlock capital for innovative and marginally bankable infrastructure by de-risking these infrastructure investments in the regions.

Indonesia

- As the COP30 climate summit approaches, Indonesia plans to present carbon trading potential at the climate summit and highlight credible carbon offset opportunities that align with global standards. Indonesia's Deputy Minister of Environment noted that several countries have expressed interest in Indonesia's carbon trading potential, including Norway, with interest in purchasing 12 mn tons of carbon dioxide equivalent (CO_2e). Indonesia also sees potential carbon cooperation with South Korea in the palm oil sector and with Japan for Renewable Energy Certificates (RECs). In addition, Indonesia is processing a Mutual Recognition Agreement (MRA) with Verra, after previously reaching an agreement with Gold Standard this year. These initiatives can strengthen Indonesia's role in the international carbon market by expanding market access, attracting investment and enhancing the credibility of its carbon credits.

Rest of the world

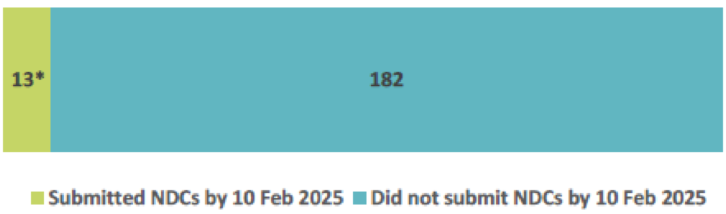
- The European Commission will propose measures this year to prevent countries from circumventing its carbon border tariff. There is concern that foreign companies may adjust by sending low-carbon products to Europe, while continuing to produce high-carbon goods for other markets. This would allow them to avoid the EU carbon border tariff without making their overall production any greener. There are plans to tackle this risk and extend the tariff to other downstream products, while considering measures including a system under which goods are given a fixed CO_2 emissions value per country or per company rather than calculating specific emissions per shipment. Countries, particularly those that have been classified as 'standard risk' or 'high risk', are working with industries to support them in complying with the requirements and staying competitive.

Special Coverage: UN urging nations to submit overdue NDCs before COP30

- Nationally Determined Contributions (NDCs), which are submitted every five years (i.e. 2020, 2025, 2030) to the UNFCCC secretariat, embody countries' efforts to reduce national emissions and achieve the long-term goals of the Paris Agreement. Countries were expected to come forward with the submission of their national climate action plans by 10 February 2025, that boost 2030 targets with an implementation timeframe leading up to 2035. These NDCs are expected to be more ambitious than the previously submitted NDCs and reaffirm the pledges made at past climate summits, as well as reflect the outcomes of the 2023 Global Stocktake from COP28.

- However, most countries missed the deadline to update their NDCs, citing technical issues, economic pressures and political uncertainty. Only 13 (7%) of the 195 signatories to the Paris Agreement submitted their updated NDCs by the 10 February deadline, including Brazil, the UK, Switzerland and Singapore. In response, the UNFCCC secretariat informally extended the deadline to September 2025.

- The updated 2035 NDCs will be assessed in a synthesis report ahead of COP30, that will highlight the shortfall in ambition and frame negotiations on stronger climate actions and cooperation at the summit. There are expectations for major economies like China and the EU to fill the gap left by reduced US engagement in international climate talks.



*Includes submission by the US under former President Biden, but President Trump has since announced the US' withdrawal from the Paris Agreement

Source: NDC Registry, UNFCCC, OCBC

Carbon Markets: Weekly Overview

ETS markets	Price	Weekly change	Week high	Week low
EU ETS (EUR/ton)	76.04	4.2%	76.04	72.99
China ETS (CNY/ton)	67.95	-1.9%	69.41	67.95

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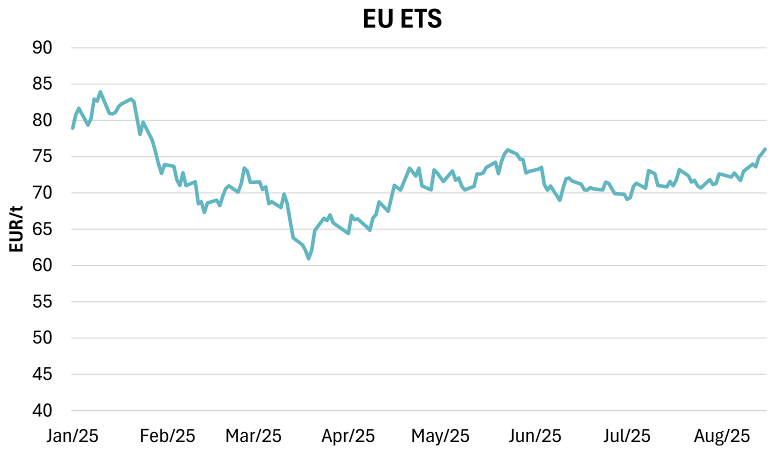
<tr><th>Market</th><th colspan="2">Commentary</th></tr>
<tr><td>EU ETS</td><td>EU ETS prices rose by 4.2% to a 10-week high last week, driven by speculative interest and compliance buying ahead of the 30 Sep deadline. Many companies, especially in shipping, are expected to enter the market late to purchase allowances as the deadline approaches.</td><td>
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<tr><td>China</td><td>National ETS: Prices fell by 1.9% from the previous week and closed the week at CNY 67.95/t. Traded volumes rose 38.81% from the previous week, mainly due to a 56.56% increase in OTC transactions.

CCER: The CCER transaction price range was CNY78.02-82.69/t last week. The total CCER traded volume was 61,615 tonnes, down approximately 71% from the previous week. Despite the release of an additional batch of credits which has increased availability in the market, it is still limited relative to demand.</td><td>


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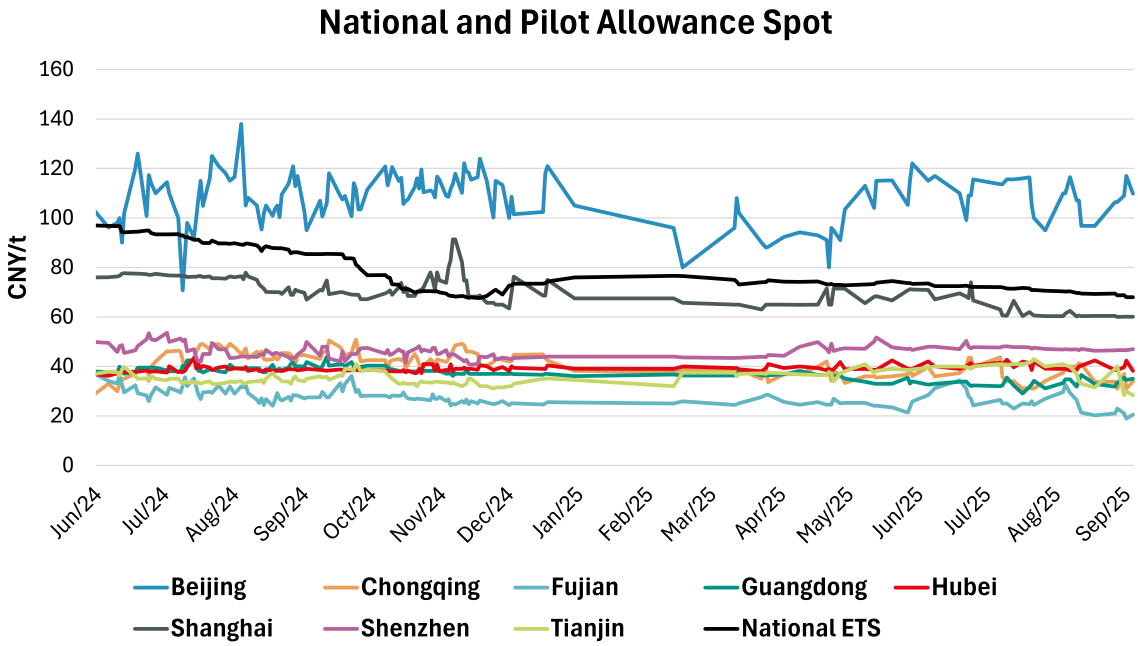
China	**Pilot ETSs**: The total traded volume across the pilot ETS markets was 123,533 tonnes last week, down 77.81% from the previous week. The Shenzhen pilot ETS accounted for the majority of trades in the pilot markets ahead of its compliance deadline, but the volume of transactions has fallen once it reached its compliance deadline. The Shanghai pilot ETS saw a 39.84% drop in volume compared to the previous week, but it was the most active market among the pilots. The Hubei pilot ETS saw large price fluctuations, while prices in the rest of the pilot ETSs generally rose over the week amid thin trading.



Pilots	Closing price on listed trade (CNY/t)	Weekly change (%)	Weekly volume on listed trade (t)
Beijing	109.82	3.22	4,385
Chongqing	34.00	0.00	-
Fujian	20.50	8.41	17,205
Guangdong	34.99	6.35	2,163
Hubei	38.23	-9.83	21,792
Shanghai	60.05	0.00	40,038
Shenzhen	46.99	0.92	13,335
Tianjin	28.35	0.00	2,436

Source: Refinitiv Workspace, Carbon Pulse

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