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Sustainability Weekly

Country Updates

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Singapore

- PM Wong highlighted at Budget 2026 that if global climate momentum weakens, the carbon tax rate by 2030 could be on the lower end of the S$50 – S$80 range per tonne. Singapore already has the highest carbon tax in Asia at S$45/t$CO_2$e this year, and will assess the carbon tax trajectory in light of international developments to ensure long-term resilience and competitiveness. The country is actively pursuing efforts to diversify its energy mix, with hydrogen, geothermal energy and nuclear energy.

Malaysia

- The UK and Malaysia are collaborating to develop a more sustainable, integrated and future-ready transport system in Malaysia. The UK plans to support Malaysia in scaling low-carbon public transport, accelerating electrification and embedding sustainability into urban development. Discussions at the UK-Malaysia Green Transport Dialogue in Kuala Lumpur provided a platform for an exchange on policy approaches, planning frameworks, technological innovation and operational best practices. Building on the momentum from the event, the UK and Malaysia will continue exploring how shared insights and expertise can support Malaysia's long-term aspirations for an integrated and sustainable transport system.

Indonesia

- Indonesia is targeting the full operation of the national carbon market by late June 2026, with large-scale transactions expected to begin the following month. The government is working to integrate several carbon registration systems into a single national framework to improve efficiency and accountability in transaction records. The carbon market aims to provide Indonesia with a robust source of financing to support efforts in environmental protection and conservation, the energy transition and other initiatives that contribute to its climate and sustainability goals.

- Indonesia and Malaysia have agreed to strengthen bilateral cooperation in research and higher education, in the areas of food security, green economy, renewable energy and AI. The ministers of Higher Education from both countries have agreed to establish working groups comprising experts from both countries to advance the areas of cooperation, including researchers affiliated with the Malaysia-Indonesia Academic Consortium. Closer cooperation in these sectors can help deliver long-term environmental and social benefits, through addressing shared challenges such as food security issues for emerging economies.

- Indonesia's Ministry of Marine Affairs and Fisheries aims to launch its first blue carbon pilot projects on the international carbon market by 2027, leveraging Indonesia's mangrove and seagrass ecosystems. At least two pilot projects are expected to be market-ready within the next three years, considering the time required to meet the stringent demands of projects to produce high-quality carbon credits, including project preparation, validation and verification. To meet the 2027 goal, the ministry is collaborating with other institutions to finalise derivative regulations of Presidential Regulation No. 110 of 2025 by June 2026. The ministry has also identified 18 indicative sites for the Blue Carbon Reserve Zoning Plan, targeting both Specific National Strategic Areas and provincial sites.

China

- China's emissions in 2025 fell in almost all major sectors, including power generation, as massive renewable expansion met growing demand, according to the Centre for Research on Energy and Clean Air. However, it is not yet clear that emissions have peaked. Emissions from the chemical industry grew sharply in 2025 and are set to continue rising. While the sector is still a relatively small emitter compared to other industries, it is having an outsize impact due to its rising emissions. China continues to scale up renewables while implementing grid reforms to address grid congestion issues. Storage capacity, primarily from batteries, is also growing rapidly and could help increase the share of power generated from renewables.

Rest of the world

- Silver price increases have contributed to the rising cost of manufacturing solar panels, with prices increasing by 7-15% over the last 12 months. Due to the high cost of silver, solar panel producers are intensifying efforts to replace silver with alternatives such as copper. With copper trading at around 0.5% of the price of silver, there is potential for cost reductions from this switch. However, copper does not match up to silver in terms of electrical conductivity, performance and resistance.

- The EU will limit its corporate sustainability due diligence directive (CSDDD) to only the largest EU corporations i.e. those with more than 5,000 employees and €1.5bn annual turnover. This follows criticism from some industries that EU red tape and strict regulation hindered competitiveness with foreign rivals. The EU also delayed the deadline to comply with CSDDD to mid-2029 (versus mid-2027 previously for larger companies) and dropped a requirement for companies to adopt climate change transition plans. The changes also cover the EU's corporate sustainability reporting directive, which requires companies to disclose their environmental and social impact to enable greater transparency to investors and consumers. The simplification of rules and extension of timelines aim to reduce disproportionate burden on businesses and enhance business competitiveness.

- A UN body has approved the first carbon credits to be issued under the UN carbon market established by the Paris Agreement under Article 6.4. The approved activity is a clean cooking project in Myanmar, which distributes efficient cookstoves that reduce harmful household air pollution and lessen pressure on local forests. The project is coordinated with authorised participants from South Korea. Credits authorised for use in South Korea can be transferred to Korean entities for use in the Korean Emissions Trading System, contributing to South Korea's Nationally Determined Contribution (NDC). The remainder will be used by Myanmar toward its own NDC. The credited emissions reductions from this project are about 40% lower than what older systems would have issued, reflecting updated and more stringent environmental integrity requirements. Following this project, there is expected to be a growing pipeline of projects as the demand for high-quality carbon credits increases.

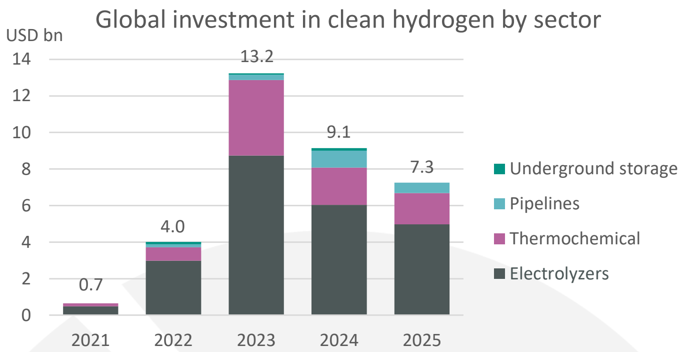
- The UN has advanced efforts to implement Article 6.4 of the Paris Agreement and agreed on an accelerated plan to deliver high-quality carbon credits. Moving beyond rule-setting, the UN Body is now focusing on implementation, prioritising key sectors and speeding up the technical work needed to activate the market. The work includes ramping up the development of methodologies that form the technical foundation to ensure that emissions reductions are real, measurable and verified. The UN Body has also signed off on a new tool to measure emissions from electricity generation and consumption, along with a tool used to estimate the technical lifetime of equipment used by Paris Agreement Crediting Mechanism (PACM) activities. These efforts support the PACM in becoming operational and driving high-quality methodologies and carbon credits.

- The International Renewable Energy Agency (Irena) plans to convene an investor forum in Singapore in late 2026 or early 2027 to match suitable clean energy projects with interested investors. Examples of such projects include solar panel and onshore wind projects that have secured land, permits and feasibility assessments as well as transmission and grid reinforcement projects that support a greater share of renewables and cross-border electricity trade. This follows the launch of an initiative called the Accelerated Partnership for Renewable Energy in Southeast Asia (Apresa) at the Singapore-Irena high-level forum in Oct 2025. Programmes to support renewable energy and energy efficiency have been rolled out in Malaysia and Indonesia in February.

Weekly Commentary: Clean hydrogen investment declines amid high costs and uncertainties

- Europe's green hydrogen industry is urging the EU to prioritise European manufacturers in public contracts, as China's large-scale projects are threatening the development of the EU hydrogen industry. Many green hydrogen projects were cancelled or delayed amid high European energy costs and cheaper fossil fuel-based hydrogen. The European Commission plans to propose a law to prioritise European manufacturers in public procurement.

- Globally, investment in clean hydrogen fell for the second year in a row, according to BNEF. Clean hydrogen investment fell by 21% from USD9.1bn in 2024 to USD7.3bn in 2025, as consistently high costs and challenges securing offtake have made it challenging for developers to reach final investment decisions on clean hydrogen projects. Many projects have been cancelled or postponed as a result. Investment across all sectors of the clean hydrogen industry fell, such as investment in electrolyzers that fell from USD6bn in 2024 to USD5bn in 2025, although they still accounted for 69% of total 2025 investment. The largest single investment in 2025 was CF Industries' Blue Point hydrogen project, estimated at USD1.7bn committed for the hydrogen production facility.



Source: BloombergNEF, OCBC Group Research

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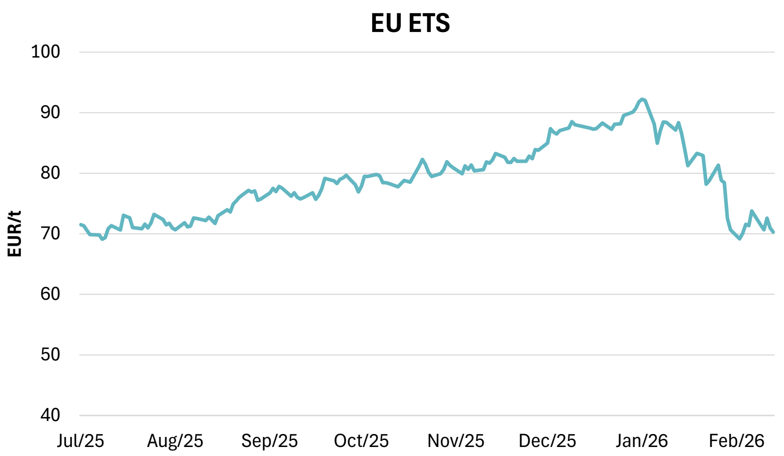
Carbon Markets: Weekly Overview

ETS markets	Price	Weekly change	Week high	Week low
EU ETS (EUR/ton)	70.29	-4.7%	73.78	70.29
China ETS (CNY/ton)	80.50	2.3%	81.00	78.70

<table>
<tr><th>Market</th><th>Commentary</th></tr>
<tr><td>EU ETS</td><td>
The strengthening correlation between EUAs and TTF gas prices suggests carbon prices could move higher, though against the backdrop of elevated market volatility from the Middle East conflict. However, energy risks intensified with geopolitical tension are expected to keep EUA trading volatile.



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<tr><td>China</td><td>
National ETS: Market activity remained muted last week, largely due to the post-holiday transition although prices are trending upwards.

CCER: Traded volume was low, with only 1,265 tonnes traded on the platform. Daily transaction prices fluctuated in the range from CNY77/t to CNY89/t. The lower bound of the price range decreased compared to the week prior to the holidays.

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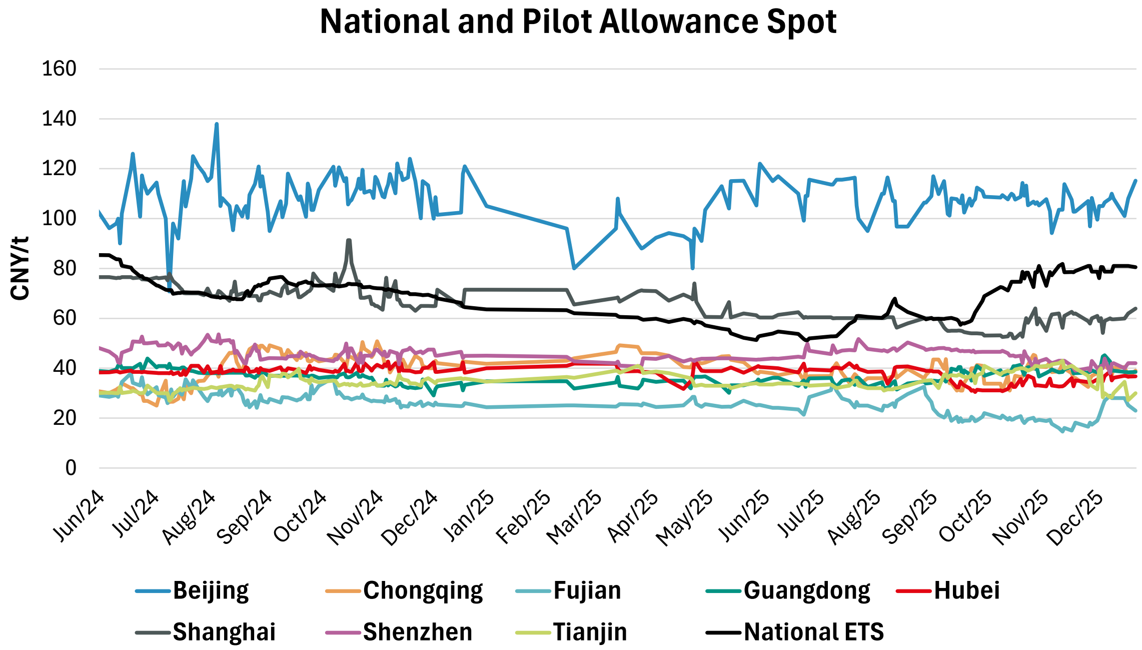
China	**Pilot ETSs**: The market saw a continued decline in trading activity after the holidays. The total traded volume across all pilot ETS markets stood at only 54,235 tonnes, a 35.18% decrease from the previous week. No transactions occurred in the Beijing, Chongqing, Fujian and Tianjin pilot ETSs. Only the Shanghai and Guangdong pilot ETSs had relatively solid volumes of 25,011 and 27,001 respectively. Allowance prices increased in the Shanghai, Hubei and Shenzhen pilot ETSs, while the Guangdong pilot allowance price decreased slightly.



Pilots	Closing price on listed trade (CNY/t)	Weekly change (%)	Weekly volume on listed trade (t)
Beijing	115.19	0.00	-
Chongqing	39.00	0.00	-
Fujian	23.00	0.00	-
Guangdong	38.56	-1.23	27,001
Hubei	36.70	4.56	223
Shanghai	63.90	7.16	25,011
Shenzhen	42.00	5.00	2,000
Tianjin	27.00	0.00	-

Source: LSEG

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