

Confidence
must be earned

Amundi
ASSET MANAGEMENT

Amundi HK Green Letter

Are You Ready To “Net Zero” Your Life?

What is Net Zero?

Net Zero is achieved when the amount of greenhouse gas (GHG) emissions produced by a country or a business is equalled out by the amount of emissions they remove.

GHG emissions are generated in daily business activities such as fumes from vehicles and waste from factories.



Industry



Agriculture



Energy supply



Transportation

- GHG emissions also occur from small everyday actions at home, such as heating water for a hot shower, doing laundry or boiling the kettle for a cup of tea - **they all add up!**
- Excess amount of these gases leads to climate imbalance.
- Therefore, human-caused emissions should be reduced as close to zero as possible. While some sectors such as food production are impossible to eliminate all GHG emissions, that is **where carbon removal comes into play.**
- Any remaining gases should be offset by carbon removal in order to reach Net Zero (**hence the “Net” before “Zero”**).

“Well Below” 2°C versus 1.5°C

In 2015, the Paris Agreement enshrined the objective of limiting the global temperature rise to “well below” 2°C, and ideally to 1.5°C.

That said, IPCC believes there is a stark difference in negative outcomes between the 2 scenarios, thus translating the objective into a target: limiting to a 1.5°C rise by reaching carbon neutrality at a global level in 30 years, i.e. “Net Zero” in 2050¹.

	1.5°C	2°C	2°C VS 1.5°C
Drought Dryland population exposed to water/heat stress and desertification	0.95B people	1.15B people	~20% worse
Flood Increase in population exposed to flooding	24%	30%	~25% worse
Biodiversity Loss Max. % of species at high risk of extinction	14%	18%	~30% worse

NEWS FLASH

Green Bond Sales Surge in Asia-Pacific²

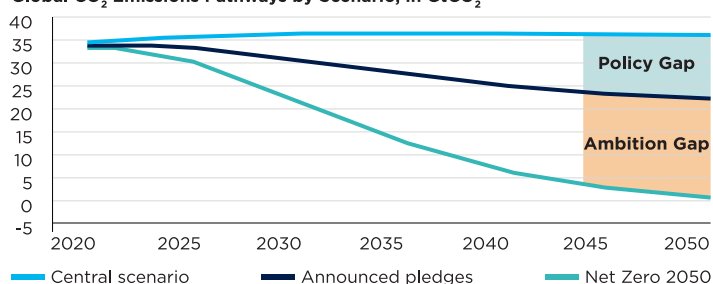
Asia-Pacific was the fastest-growing region for green bond sales in 2021. The region issued USD 185 billion green bonds during the year, a 117% increase from 2020.

China was the largest green bond issuer in Asia-Pacific with USD 66 billion, followed distantly by South Korea, Japan and Singapore.

Are We On Track to Reach Net Zero?

The answer is no. Even governments would pass all the necessary policies to deliver fully and on time their Net Zero pledges, only 40% of the emissions gap would be closed³.

Global CO₂ Emissions Pathways by Scenario, in GtCO₂



- In addition, to avoid the worst climate impacts and keep 1.5°C within reach, we have to first halve GHG emissions by 2030.
- The latest report from WRI has revealed our progress lags far behind the timeline⁴. Some key figures are as follows:

To Trim GHG Emissions by Half by 2030, the World Needs to:



Ramp up public and private climate finance
13 times faster



Increase the share of low-emission fuels in transport
12 times faster



Phase out unabated coal in electricity generation
5.2 times faster



Accelerate the increase in annual gross tree cover gain
3.2 times faster

How Can Investors Contribute to Net Zero?

- 1 Exclude corporates which are detrimental to Net Zero objectives (e.g. coal power generation)
- 2 Combine carbon reductions and forward-looking indicators (e.g. Science-Based Targets/ CAPEX plans) in portfolio analysis
- 3 Engage with corporates actively to turn investment belief into concrete actions
- 4 Tap into new geographies and asset classes to allay Net Zero-financing challenge (e.g. Emerging Markets, impact strategies)
- 5 Reassess strategy asset allocation to account for climate risks



Click here to check out our ESG Thema research paper!

DID YOU KNOW?

Meet Bhutan, the 1st Carbon-Negative Country



- Bhutan is currently one step ahead of its counterparts in the race to Net Zero, managing to offset more CO₂ than it produces.
- As of November 2021, the country can absorb over 9 million tonnes of CO₂ annually while it actually produces less than 4 tonnes⁵.
- Such accomplishment is attributable to Bhutan's stringent conservation policies such as preserving at least 60% of its land under forest cover.
- The next milestone for Bhutan will be reaching Net Zero by 2030.



Key Numbers To Remember About Net Zero

<1.5°C

Limit to temperature rise by 2050

45%

Human-made CO₂ emission has to be reduced by 2030⁶

>130

Countries have committed to Net Zero⁷

>600

Companies including IKEA, Apple have transformed their operations to help save the planet^{6,7}

Amundi, a key player in Responsible Investment

Amundi ranks among the top 10 fund managers globally⁸, with assets of USD 2.33 trillion⁹, including over USD 929 billion in responsible investments.¹⁰



>USD 929 billion

in Responsible Investment assets under management¹⁰



>13,000

issuers rated on the basis of ESG criteria¹⁰



2021 Benchmark Fund of The Year Awards
ESG Integration: Best-in-Class



2021 Asian Investor Asset Management Awards
Best ESG Strategy Adviser



100%

of Amundi's open-ended funds include ESG analysis¹⁰



4,241

general meetings of shareholders where Amundi voted in 2020¹⁰



2021 Insurance Asia News Institutional Asset Management Awards
Best ESG Strategy



2021 ESG Investment Awards
Best ESG Investment fund: Emerging Markets Debt

1 Source: [Intergovernmental Panel on Climate Change \(IPCC\)](#), [World Resources Institute \(WRI\)](#)
2 Source: [S&P Global Market Intelligence](#)
3 Source: [International Energy Agency \(IEA\)](#)
4 Source: [World Resources Institute \(WRI\)](#)
5 Source: [Reuters](#)

6 Source: [World Economic Forum](#)
7 Source: [Net Zero Tracker](#)
8 Source: IPE "Top 500 Asset Managers" published in June 2021 and based on AUM as at December 2020
9 Source: Amundi. Data as of 31 December 2021
10 Source: Amundi. Data as of 30 September 2021

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