

Confidence
must be earned

Amundi
ASSET MANAGEMENT

Amundi HK Green Letter

How is Asia Responding to the Climate Challenge?

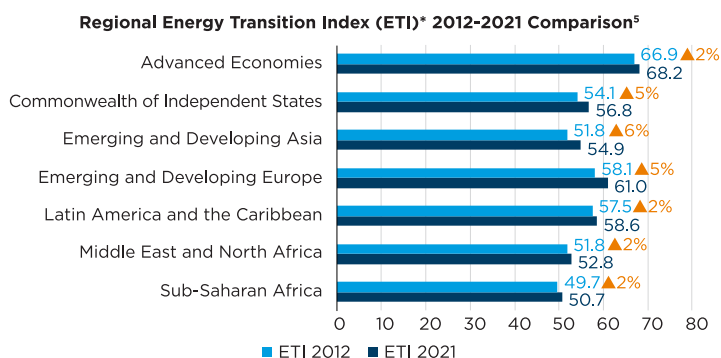
What Does Energy Transition Mean to Asia?

Asia has consumed over 40% of global energy while releasing over half of global carbon emissions as of 2020¹. As the region prepares for the next wave of development, energy transition will be critical in the fight against global warming.

- Asia also stands out to be **one of the regions most exposed to physical climate risk**.
- 99 out of 100** most risk-prone cities in the world are located in Asia².
- A **2°C temperature rise** is likely to cost Asia **15% in GDP**³.

Energy Transition Is Gathering Pace in Asia

Emerging and developing Asia has improved at the fastest rate of 6% over the past decade, surpassing all other regions⁴.



*ETI is a benchmark measure on the progress of the energy transition of a country based on the current energy system and transition readiness.

Key Climate Pledges from Asian countries

An increasing number of countries in Asia are announcing more aggressive climate pledges⁶.

Committed Countries	Coal Exit Commitment	Net Zero Target
Japan	Cut coal power generation to 19% by 2030	By 2050
South Korea	Roll out a carbon tax under the Green New Deal	By 2050
China	End all funding for new overseas coal projects	By 2060
Indonesia	Stop building new coal-fired plants after 2023	By 2060

NEWS FLASH

China's Emergence as a Renewable Energy Powerhouse

As of 2021, China became the first country exceeding 1 terawatt of installed renewable energy capacity. The country led global markets for bio-power, hydropower, solar power and wind power, altogether accounting for over 40% of the global additions during the year.

Globally, China also topped all other nations in renewable energy investments. Its overall investment surged 32% YoY to USD 137 billion, largely due to a spike in solar PV installations⁷.



From Coal to Renewable Energy

New renewable projects are believed to be 77% more economically sound than operating coal, and this figure will further increase to 99% by 2030⁸.

Two options for coal phase-out:

- Retire early** – this will be a real challenge as the coal-fired power plant in Asia are relatively young at 13 years of age on average, way below the average age of 30-40 years in Developed Markets and their usual lifespan.
- Repurpose to an alternative clean energy solution.**

Therefore, more innovative mechanisms are expected to be part of the regional coal phase-out and energy transformation journey.

Example in Asia – Vietnam

From having barely any generation in 2018 to a quarter of its total installed capacity being solar – a 100-fold increase in 2 years.

Currently ranks **top 10 globally** with installed capacity of 16.5GW in 2020, accounting for 2.3% of the global capacity⁹. Such rapid growth is largely attributable to the innovative policy mix below:

- Feed-in tariff (FiTs)** – a measure that provides a guaranteed access to the grid and price certainty for renewable energy producers
- Allowance of **private sector financing** in power infrastructure through the **amendment of Electricity Law** and **Corporate Renewable Power Purchase Agreement pilot scheme**
- Other incentives in tax and exemptions



Gathering Pace, But Not Fast Enough

Clean energy investment in emerging and developing economies in general needs to **expand by more than 7 times to above USD 1 trillion** under a Net Zero scenario in 2050¹⁰.

- Investments will have to cover multiple aspects, including capacity expansion, grid development, energy efficiency and storage.
- Climate pledges can only be accomplished with targeted investments and technology transfer from the international community.

Financing the Energy Transition, How?

A possible solution is **the introduction of green bonds, use-of-proceed bonds that fund eligible projects with positive climate and environmental benefits. Green bond issuance in Asia has reached a milestone of more than USD 100 billion in 2021.**



Click here to check out our
ESG Thema research paper!

Financing the energy transition in Asia



DID YOU KNOW?

With more than 600 actively managed funds, representing a total of USD 431 billion of assets under management, **Amundi is the champion of SFDR implementation, both in terms of the number of funds and asset under management**¹¹.



Sustainable Finance Disclosure Regulation (SFDR)

MIN	Article 6	Article 8	Article 9	MAX
Minimal or No ESG Criteria Applied	Basic ESG Criteria (Risk Integration)	Promote ESG Characteristics	Sustainable Investment Objective	ESG as the Core of the Product

← Amundi Funds →

SFDR aims to provide more transparency regarding environmental and social responsibility to promote ESG characteristics of financial products in a standardized, coherent manner and to avoid greenwashing.

Amundi, a key player in Responsible Investment

Amundi ranks among the top 10 fund managers globally¹², with assets of USD 2.25 trillion¹³, including over USD 928 billion in responsible investments.¹³



>USD 928 billion

in Responsible Investment assets under management¹³



>13,500

issuers rated on the basis of ESG criteria¹³



100%

of Amundi's open-ended funds include ESG analysis¹³



4,241

general meetings of shareholders where Amundi voted in 2020¹³



2022 ESG Clarity Awards
Best ESG Active Fund House



2022 Asia Asset Management –
Best of the Best Awards
Best ESG Manager (Hong Kong)



2021 & 2022 Asian Investor
Asset Management Awards
Best ESG Strategy Advisor (2021)
Best ESG Investment Strategy Advisor for Private Markets (2022)



2021 & 2022 Insurance Asia
News – Institutional Asset
Management Awards
Best ESG Strategy

1 Source: [International Energy Agency](#).

2 Source: [Verisk Maplecroft](#).

3 Source: [Swiss Re Institute](#).

4 Source: [United Nations Department of Economic and Social Affairs](#).

5 Source: [World Economic Forum](#), Amundi.

6 Source: Public announcements.

7 Source: [REN21](#).

8 Source: [Carbon Tracker](#).

9 Source: [Vietnam Government Website](#).

10 Source: [International Energy Agency](#).

11 Source: Morningstar Business Intelligence Team. SFDR Article 8 and 9 products, AUM as of 30 April 2022 and the number of funds as of 15 May 2022.

12 Source: IPE "Top 500 Asset Managers" published in June 2021 and based on AUM as at December 2020.

13 Source: Amundi. Data as of 31 March 2022.

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