



News Release

April 27, 2023

Research Shows How AIIB-Amundi Climate Change Investment Framework Can Guide Investors

Concentrated efforts needed toward climate adaptation planning and implementation: Companies and Climate Change Report

Beijing/London: The Asian Infrastructure Investment Bank (AIIB), Amundi and Climate Bonds Initiative (Climate Bonds) announce the publication of the [Companies and Climate Change report](#), developed by Fitch Solutions, the Carbon Trust, and Climate Bonds. This report presents the first research application of the AIIB-Amundi Climate Change Investment Framework (CCIF).

Launched in September 2020, CCIF was developed to provide investors with a benchmark tool for assessing an investment against climate change-related financial risks and opportunities. It translates the three objectives of the Paris Agreement into fundamental metrics that investors can use to assess an investment's level of progress towards achieving climate change mitigation, adaptation and resilience, and low-carbon transition objectives.

The CCIF, endorsed by the Climate Bonds Initiative, has been developed as one of the knowledge products of the AIIB Asia Climate Bond Portfolio. This first-of-its-kind Framework provides an effective investment methodology that holistically assesses climate change risks and opportunities in line with the three objectives of the Paris Agreement at the issuer level. Amundi has also recently been appointed as the investment manager of a new Asia climate bond strategy, managed by AMX by Carne and launched in March 2023 with a capital of around USD 200mn, which invests in the fixed-income instruments selected via the CCIF. This is a successful achievement of the inaugural AIIB-Amundi Asia Climate Bond Portfolio's objective of private capital mobilization.

This first [report](#) presents the findings and analysis of the research application of CCIF on three levels: sectors, companies, and issuers of debt securities. The research universe comprises corporates among AIIB Members predominantly domiciled in emerging market (EM) Asia, and operating within major infrastructure sectors including energy, water, sustainable cities, transport, and digital infrastructure. The report produced analysis on three levels: sectors by Fitch Solutions, company case studies by the Carbon Trust, and the issuer and bond-market level by the Climate Bonds Initiative.

HIGHLIGHTS OF FINDINGS

SECTORS: data availability and quality gaps drive differences in performance

- The report assessed the performance of 208 companies across eight sectors. Although most sectors report on climate change mitigation, the underlying data, methodology, and scope are inconsistent. For example, using the CCIF, one can observe high variation in how sectors align with the Paris Agreement objectives.

Concerning the financial contribution to transition, the performance among sectors varies considerably. Those with a higher correlation between direct carbon emissions

and business models, for example, energy, utilities, and automotive, have more detailed policies and data related to financial contribution. Conversely, for sectors where emissions are indirect, policies and data related to financial contribution are less explicit.

COMPANIES: some progress but work remains especially on climate adaptation

- The report contains a selection of nine company case studies from the following sectors, automotive, basic industries, energy, healthcare, technology & electronics, telecom, transportation, and utilities. The target companies were among some of the more advanced organizations incorporating climate mitigation and adaptation strategies into their Asia operations.
- With regards to focusing on renewable energy and greenhouse gas (GHG) measurement, most of the companies adopted climate mitigation strategies by procuring renewable energy and measuring and reporting at least Scope 1 and Scope 2 GHG emissions. However, fewer companies had set 1.5-degree science-based targets and/or publicly committed to net zero goals.

ISSUERS: companies contributing to the transition are not necessarily prepared for climate risks

- None of the 483 companies domiciled across 33 geographies examined in the study performed well across all three CCIF objectives. Even among green bond issuers, this analysis did not identify any issuers that did well on all three objectives of the CCIF: mitigation (target-setting and strategies), adaptation (low-risk exposure and/or adaptation plans and strategies), and financial contribution (green revenues).
- Furthermore, this analysis finds that most companies are subject to physical climate risks but are not taking actions to manage them. Only 14% of companies researched have an adaptation and resilience plan in place, leaving the rest exposed to potential loss of financial value.

While sectors and corporates are more climate mitigation focused, more concentrated efforts are needed toward climate adaptation planning and implementation. For the sampled entities, operations across diverse geographical locations, climate mitigation and adaptation data inconsistencies, and company financial capability were among the challenging factors in performing well across all three CCIF objectives.

This report offers a first snapshot of how sectors, companies, and issuers are performing and provides valuable insight for both investors and the issuers themselves.

Dongik Lee, Director General, Banking Department (Region 1), from AIIB, said “The mandate proved to be a suitable one for many sophisticated investors globally. We look forward to our continued efforts to mobilize private capital channeling to the much-needed funding gap in climate change fixed-income instruments in developing countries. I am also happy to share the Companies and Climate Change research report developed by Fitch Solutions, The Carbon Trust, and Climate Bonds Initiative. This research illustrates how CCIF can help investors systematically integrate climate-related issues in their investment decisions.”

Jean-Jacques Barb ris, Head of Institutional and Corporate Clients Division & ESG, Amundi, comments “As a global leader in responsible investing, we believe that it is our



responsibility to encourage and accelerate the transition of companies towards a low-carbon economy, including in emerging market and developing economies where climate risk will be most acute. Amundi is pleased to see that the AIIB-Amundi Climate Change Investment Framework is being adopted by institutional investors. This Framework is a pioneering tool that translates the three key objectives of the Paris Agreement into fundamental metrics to equip investors with a new tool to assess the level of issuers alignment with climate change mitigation, adaptation and low-carbon transition objectives. Using the report hand in hand with the Framework offers both issuers and investors valuable insight on how companies are performing and identifies the gaps for improvement.”

Michelle Karavias, Global Head of Industry Research, Fitch Solutions, said “There is a high level of inconsistency in how different sectors have responded to the Paris Agreement objectives. Whilst most sectors report on carbon emissions and reduction targets (mitigation) with a level of consistency, this is much less the case for companies reporting on how they are adapting to climate change (adaptation) or contributing to the transition to a low carbon economy (contribution). Notably, there is a correlation between industries where carbon emissions are more directly related to their business models (e.g., energy, utilities, transport). These companies have developed clearer policies and report more data around their contribution to transition. There does need to be a greater level of consistency in data reporting standards to enable a comparability of company and sector performance, especially at a time when more investment managers are systematically and explicitly including ESG factors into their financial analysis and decision-making.”

Chris Stephens, Director, Asia and Africa, the Carbon Trust, mentioned “Credible frameworks are essential as they provide a common set of metrics and methodologies through which investors can align. The Climate Change Investment Framework (CCIF) will help drive climate compatible finance at the scale and pace needed, which is crucial to achieving the Paris Agreement. Building on our experience of developing frameworks across multiple sectors, it has been fascinating to test and apply the CCIF by developing this series of case studies. The results highlight the commendable efforts taken by some Asian companies; however, there is much more to be done. Recognising the region’s exposure to the impacts of climate change and rapidly changing policy environments, Asian companies need to carry out more detailed assessments of their climate risks and opportunities. On the mitigation side, GHG measurement across all Scopes 1, 2 and 3 is a critical first step, to be followed by more ambitious 1.5 degrees science-based targets.”

Sean Kidney, CEO and Co-founder, Climate Bonds Initiative, said “The AIIB-Amundi’s CCIF is a pioneering assessment tool for investors, and the findings of this report reveal intriguing insights about the climate performance of issuers and their sectors.”

“We must accelerate our efforts to both mitigate and adapt to climate change. Adaption and resilience are now centre stage, it’s not one or the other, the climate challenge is fight on both fronts.”

Investors are increasingly looking to understand, measure, and track the climate strategies of companies to meet customer demand and contribute to Paris Agreement targets. However, the level of information available and the quality of data reported varies across countries and industries, making it difficult to make comparisons and do benchmarking. The AIIB-Amundi **Climate Change Investment Framework (CCIF)** seeks to provide investors with the ability to screen investments based on climate-related factors and quantify and manage their climate change-related risk exposure.

<Ends>



Amundi
ASSET MANAGEMENT

Climate Bonds INITIATIVE



For more information:

Contact AIIB:

Lingxiao He
Press Officer
Asian Infrastructure Investment Bank (AIIB)
+86 10 8358 0683
lingxiao.he@aiib.org

Contact AMUNDI:

Press Contact:
H/Advisors Maitland
Rachel Cohen
Tel: +44 (0) 2073 795151
Amundi-maitland@h-advisors.global

Contact the Carbon Trust:

The Carbon Trust press office
+44 (0)20 7170 7050
press@carbontrust.com

Contact Fitch Solutions:

Nick Jotischky
Head of Custom Research
Fitch Solutions
nicholas.jotischky@fitchsolutions.com

Contact Climate Bonds Initiative:

Leena Fatin
Senior Communications & Digital Manager
Climate Bonds Initiative
+44 (0)7593 320 198
leena.fatin@climatebonds.net

Notes for Journalists:

About AIIB: The Asian Infrastructure Investment Bank (AIIB) is a multilateral development bank whose mission is financing the Infrastructure for Tomorrow—infrastructure with sustainability at its core. We began operations in Beijing in January 2016 and have since grown to 106 approved members worldwide. We are capitalized at USD100 billion and Triple-A-rated by the major international credit rating agencies. Working with partners, AIIB meets clients' needs by unlocking new capital and investing in infrastructure that is green, technology-enabled and promotes regional connectivity.

About Amundi: Amundi, the leading European asset manager, ranking among the top 10 global players¹, offers its 100 million clients - retail, institutional and corporate - a complete range of savings and investment solutions in active and passive management, in traditional or real assets. This offering is enhanced with IT tools and services to cover the entire savings

¹ Source: IPE "Top 500 Asset Managers" published in June 2022, based on assets under management as at 31/12/2021



value chain. A subsidiary of the Crédit Agricole group and listed on the stock exchange, Amundi currently manages more than €1.9 trillion of assets². With its six international investment hubs³, financial and extra-financial research capabilities and long-standing commitment to responsible investment, Amundi is a key player in the asset management landscape. Amundi clients benefit from the expertise and advice of 5,400 employees in 35 countries.

Amundi, a trusted partner, working every day in the interest of its clients and society



www.amundi.com

About the Climate Bonds Initiative: The Climate Bonds Initiative is an investor-focused not-for-profit, promoting large-scale investment in the low-carbon economy. More information on our website [here](#).

About CCIF: Launched in September 2020, The AIIB - Amundi Climate Change Investment Framework (CCIF) aims to provide investors with a benchmark tool for assessing an investment against climate change-related financial risks and opportunities. It translates the three objectives of the Paris Agreement into fundamental metrics that investors can use to assess an investment's level of progress towards achieving climate change mitigation, adaptation and resilience, and low-carbon transition objectives. For each objective, the CCIF sets out key metrics that can be used to assess financial risks and opportunities. The CCIF was jointly developed by AIIB and Amundi and was endorsed by the Climate Bonds Initiative.

About the Carbon Trust: The Carbon Trust is a global climate consultancy driven by the mission to accelerate the move to a decarbonised future. We have been climate pioneers for over 20 years, partnering with businesses, governments and financial institutions to drive positive climate action. From strategic planning and target setting to activation and communication - we turn ambition into impact. To date, our 400 experts have helped set 200+ science-based targets and guided 3,000+ organisations and cities across five continents on their route to Net Zero

About Fitch Solutions: Fitch Solutions empowers clients to make better-informed decisions in ever-changing markets. Our indispensable insights, robust data and powerful analytics are grounded in our commitment to intellectual rigor, transparency and excellence. With decades of specialized experience, our analysts and lawyers offer in-depth views on credit risk, ESG, developed and emerging markets, industries, and sectors. Through direct access to these specialists, our differentiated perspectives, and actionable insight and data we inform investment strategies, strengthen risk management capabilities and help identify strategic opportunities.

Disclaimer: The information contained in this communication does not constitute investment advice in any form and the Climate Bonds Initiative is not an investment adviser. Any reference to a financial organisation or debt instrument or investment product is for information purposes only. Links to external websites are for information purposes only. The Climate Bonds Initiative accepts no responsibility for content on external websites.

The Climate Bonds Initiative is not endorsing, recommending, or advising on the financial merits or otherwise of any debt instrument or investment product and no information within this communication should be taken as such, nor should any information in this communication be relied upon in making any investment decision.

² Amundi data as at 31/12/2022

³ Boston, Dublin, London, Milan, Paris and Tokyo



Certification under the Climate Bond Standard only reflects the climate attributes of the use of proceeds of a designated debt instrument. It does not reflect the credit worthiness of the designated debt instrument, nor its compliance with national or international laws.

A decision to invest in anything is solely yours. The Climate Bonds Initiative accepts no liability of any kind, for any investment an individual or organisation makes, nor for any investment made by third parties on behalf of an individual or organisation, based in whole or in part on any information contained within this, or any other Climate Bonds Initiative public communication.