NEWSLETTER

ASIA SUSTAINABILITY INVESTMENT AND FINANCE

ESG ASSOCIATION OF ASIA
https://www.esgasian.org

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AIIB $ 100 million commitment to ACTIS

OBJECTIVE

The Project Objective is to promote the reduction of greenhouse-gas emissions as a path to net zero by investing in renewable energy infrastructure, energy solutions and sustainable transportation in Asia, with a leaning towards emerging Asia.

DESCRIPTION

The Project is proposing an equity investment of USD75 million into the Actis Asia Climate Transition Fund (AACT, the Fund) plus a co-investment sleeve up to USD25 million alongside the Fund. The Fund will be managed by Actis GP LLP (Actis).

The Fund is characterized by strong strategic alignment with AIIB's Corporate Strategy and Thematic Priorities supported by Actis' solid investment track record in emerging markets. Leveraging Actis' sectoral expertise in energy and sustainable infrastructure, the Fund mainly targets making investments that align with climate transition themes in the following sub-sectors including (i) renewable energy infrastructure, (ii) energy solutions and (iii) sustainable transportation, via controlling or significant minority stakes.

The Fund will also include measures to close gender gaps by improving women's access to employment, entrepreneurial opportunities, and leadership positions in portfolio companies and their value chains.

Geographically, the Fund's investment strategy mainly targets opportunities that are operating in countries in Asia and the Pacific including India, Indonesia, Malaysia, the People's Republic of China, the Philippines, Thailand, and Viet Nam.

The Fund is Sustainable Finance Disclosure Regulation (SFDR) Article 9 classified with objectives of materially reducing greenhouse gas emissions on its investments

https://www.aiib.org/en/projects/details/2024/approved/Multicountry-Actis-Asia-Climate-Transition-Fund.html

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ADB Invests $100 Million in Fourth Partner Energy

The Asian Development Bank (ADB) has signed a $100 million equity investment with leading independent power producer Fourth Partner Energy Private Limited to advance the decarbonization of India's commercial and industrial sector through utility-scale solar, solar-wind hybrid and rooftop solar power projects and to provide cost-effective clean energy directly to users.

The financing includes $70 million from ADB's ordinary capital resources and $30 million from [Leading Asia's Private Infrastructure Fund 2 (LEAP 2)](), administered by ADB. Deutsche Investitions- und Entwicklungsgesellschaft (DEG) and the International Finance Corporation (IFC) are joint investors.

"Providing commercial and industrial users in India with access to clean and renewable energy will foster growth of the sector while helping to achieve net-zero emissions," said ADB Director General for Private Sector Operations Suzanne Gaboury. "ADB's investment will support the clean energy transition by encouraging domestic and international lenders to engage with independent power producers in this sector."

“Our investors and lenders keep coming back as financiers because FPEL prioritizes commercial viability and robust returns, while focusing on scaling the business,” said Fourth Partner Energy Co-founder & Executive Director Vivek Subramanian. “We welcome IFC, ADB and DEG as new partners to join our existing high-quality equity investor base comprising of Norfund and TPG. Fourth Partner Energy is now poised to transform the region's clean energy landscape and assist more businesses in reaching their RE100 goals in a just and equitable manner.”

LEAP 2 is an ADB-managed fund with a $1.5 billion commitment from the Japan International Cooperation Agency. It focuses on sustainable private sector infrastructure projects that reduce carbon emissions, improve energy efficiency, and provide affordable health care, education, and communication services to ADB's developing member countries. The LEAP 2 investment in Fourth Partner Energy is its first transaction since the fund's replenishment in December 2023.

Fourth Partner is India's leading renewable energy solutions platform with an established brand and proven capability to provide “energy as a service” to its customers. Fourth Partner focuses on building and financing renewable energy projects for commercial and industrial consumers. It offers end-to-end capabilities including evaluation, design, planning, procurement, construction, operation, maintenance, and financing of critical solar, wind, and battery storage infrastructure. This project will accelerate the decarbonization of commercial and industrial companies with high energy requirements and transition them to renewable energy, both in India and select Southeast Asian countries where the company has operations.

ADB is committed to achieving a prosperous, inclusive, resilient, and sustainable Asia and the Pacific, while sustaining its efforts to eradicate extreme poverty.

IFC Supports SeABank to Issue Viet Nam's First Blue Bond, Boost Climate Finance

To catalyze a viable blue finance market while fostering green bonds and supporting smaller businesses in Viet Nam, IFC is providing a financing package of $150 million to Southeast Asia Commercial Joint Stock Bank (SeABank). The investment entails the first blue bond in Viet Nam and the first green bond by a private commercial bank in the country
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As part of the financing package, IFC's subscription in a blue bond of $25 million will allow SeABank to expand its funding for sustainable economic activities associated with ocean and water (aquaculture and fisheries, water supply, and others). IFC's subscription in a green bond of $50 million will help the bank increase its financing of green assets, including green buildings, renewable energy, and energy efficiency. In addition, IFC, as the implementing entity of the UK's Market Accelerator for Green Construction (MAGC) Program, will provide a performance-based incentive of up to $0.48 million for retail borrowers to help offset the incremental greening costs associated with the purchase of green housing units.

Additionally, IFC's loan of $75 million to SeABank is aimed at boosting financing for small and medium enterprises (SMEs), including women-owned businesses, to promote financial inclusion.

One of the most vulnerable countries to climate change, the Vietnamese economy is already being impacted by an estimated loss equal to about 3.2 percent of GDP in 2020, which is expected to escalate rapidly. While millions of Vietnamese—with a 3,000-km coastline—rely on the ocean for a livelihood, the country's blue economy is projected to contribute about 10 percent to the GDP by 2030.

To achieve net zero by 2050, Viet Nam needs additional investments of about 6.8 percent of GDP per year, or a cumulative $368 billion through 2040, half of which is expected to come from the private sector.

"IFC's investment will help SeABank increase funding for initiatives that support the country's climate and financial inclusion agenda. We are proud to be issuing the country's first blue bond, as well as the first green bond by a private commercial bank, and we look forward to working with IFC to further bolster our green and blue portfolio strategy," said Le Thu Thuy, Vice Chairwoman of SeABank Board of Directors.

Alongside the investment, IFC will advise SeABank on adopting green and blue bond frameworks, while helping the bank identify eligible green and blue assets and develop a pipeline.

"Viet Nam's green transition relies heavily on private capital, and the launch of innovative financing instruments such as blue and green bonds offers a new source of funding for climate-related projects," said Thomas Jacobs, IFC Country Manager for Viet Nam, Cambodia, and Lao PDR. "With this investment in a leading player, IFC is establishing new asset classes while mobilizing capital and strengthening the capacity of local financial institutions to drive increased climate finance in Viet Nam."

IFC has been at the forefront of creating green and blue financing markets in Asia and the Pacific, supporting many financial institutions and companies to issue their first green and blue bonds in local markets. Last year, IFC invested VND 3,500 billion (around $150 million) in Viet Nam's first local currency sustainability-linked bonds—issued by BIM Land Joint Stock Company and its subsidiary Thanh Xuan Joint Stock Company. With this new investment in SeABank, IFC has committed to date about $1 billion in long-term finance to support climate-related projects in the country.

Chinese LP PING AN releases Sustainability Report

Ping An Insurance (Group) Company of China, Ltd. (hereafter "Ping An", the "Company" or the "Group", HKEX: 2318 / 82318; SSE: 601318) has published the "Ping An Sustainability Report 2023: Together With Hope" (hereafter "the Report"). The Report highlights the Group's innovation and practices in sustainable development in 2023 in five areas, including sustainable development and strategy management, sustainable business, sustainable operations and community, sustainable governance and Task Force on Climate-Related Financial Disclosures (TCFD) report. This is the 15th consecutive year Ping An has released a sustainability report.

Sustainable development is one of Ping An's development strategies and the basis for maximizing the Group's long-term value. Ping An continues to focus on addressing customer needs, developing the "integrated finance + healthcare and elderlycare" strategy, improving corporate governance and risk management and control mechanisms, pursuing green and low-carbon development, and contributing to China's "dual-carbon" goals – to reach peak carbon emissions by 2030 and carbon neutrality by 2060. The Group is committed to creating robust and sustainable long-term value for customers, employees, shareholders and society.

10 highlights of Ping An's sustainable development in 2023

1. **Marking 12 consecutive years of cash dividend increases and introducing performance metrics that link sustainability performance to senior management pay.** Ping An continuously adopts the world's best corporate governance practices, aiming to set an example in corporate governance and provide stable returns to shareholders. In 2023, the Group distributed full-year cash dividend RMB2.43 per share, up 0.4% year-on-year, with the total dividend increasing for 12 consecutive years. Since 2012, the cumulative total dividend surpassed RMB300 billion. To drive comprehensive internal ESG management, Ping An includes compliant operation indicators, risk management indicators, economic efficiency indicators, and social responsibility indicators in its performance appraisal mechanism. Among all, the key performance indicators of sustainable development issues such as rural revitalization and green finance have been incorporated into the Group's senior management pay linked to sustainability.

2. **Facilitated green development and increased green insurance premium income by 49% year-on-year.** Ping An is committed to supporting economic development, social progress and environmental improvement with comprehensive and professional risk protection. As of the end of December 2023, Ping An's total sustainable insurance premium income reached RMB 557.725 billion, up 2% compared to the end of 2022. In particular, green insurance premium income amounted to RMB37,296 million, up 49% year-on-year. The scale of Ping An's responsible banking business was approximately RMB1.21 trillion and the compound annual growth rate in the last three years reached 35%. In particular, the green loan balance reached RMB146,345 million, representing a year-on-year growth of nearly 26%.

3. **Continued to serve society, improving accessibility and inclusivity of financial services.** Ping An leverages its integrated finance advantages, proactively expanding its rural network channels and is dedicated to delivering financial services to residents in rural and county regions. As of the end of December 2023, Ping An Group operated 59,303 financial service reach of points across the country. Ping An Property & Casualty (P&C) provided over 2.29 million small and micro enterprises with comprehensive risk protection totaling more than RMB 200 trillion and processed more than 1.68 million claims worth more than RMB 3.2 billion. The scale of Ping An's inclusive banking business reached RMB718.7 billion, offering loan services to more than 1.03 million small and micro-businesses.

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4. **Delivered on responsible investment strategy and fully incorporated ESG factors into investment decisions.** The Group has fully integrated ESG factors into the entire investment decision-making process for its insurance funds. As of December 31, 2023, the total amount of responsible investment of insurance funds reached RMB725.3 billion. More than 83% of the assets in the Group's insurance fund investment portfolio were managed by asset managers that are UN PRI signatories. Among them, green investment reached RMB128.6 billion, a 19% increase compared to the same period last year.

5. **Maintained commitment to green operations, with 14% year-on-year reduction in carbon emissions.** In 2023, Ping An launched China's first carbon account system in the insurance industry, which covers all employees. The system tracks and records each employee's low-carbon behaviors at work and in daily life, and individual carbon emissions. This system allows for the comprehensive assessment and management of carbon emissions. As of the end of December 2023, Ping An's employee carbon account system included a total of 494,500 carbon reduction actions and achieved a reduction in carbon emissions of close to 18,000 tons. In 2023, Ping An's total greenhouse gas emissions in its operation was more than 420,000 tons of carbon dioxide equivalents (tCO_2e), a decrease of nearly 14% year-on-year; per capita emissions were 1.35 tCO_2e, a 5.6% decrease year-on-year.

6. **Implemented its healthcare and elderlycare ecosystem strategy, providing customers with "worry-free, time-saving, and money-saving" health and elderlycare services.** With the ongoing trend of population aging in China, Ping An continues to deepen its "integrated finance + healthcare and elderlycare" strategy. While providing traditional insurance protection, it integrates the responsibility of integrating healthcare and elderlycare service resources and managing customer health, to provide customers with the best cost-effective healthcare and elderlycare services. As of the end of December 2023, nearly 64% of Ping An's 232 million retail customers also used services provided by the healthcare and elderlycare ecosystem, with customers entitled to service benefits from the ecosystem accounted for more than 73% of Ping An Life's new business value

7. **Invested in development and welfare of employees and agents and achieved an employee satisfaction score of 87/100.** Ping An offered 375 training courses for employees at all levels. In 2023, the average training duration per person in the Group reached 45.1 hours. Ping An has put in place long-term incentive and restraint mechanisms and implemented the Key Employee Share Purchase Plan and the Long-term Service Plan. As of the end of December 2023, a total of 103,232 employees participated in the Core Personnel Stock Ownership Plan and Long-Term Service Plan, a coverage rate of 36%. The Group has established a diversified workforce, with women comprising 42% of senior management and 51% of its employees. Ping An received an overall satisfaction score of 87/100 in its 2023 employee satisfaction survey, an increase from 2022.

8. **Enhanced consumer protection and experience, and improved the Group's net promoter score (NPS) for the third consecutive year:** In terms of customer service, Ping An maintains a specialized service hotline 95511, with an average daily consultation of about 2.12 million people in 2023. The Group upgraded the customer experience through a smart claims process, with the fastest process taking only 20 seconds to complete the report and the average claim application only taking 10 minutes; The Group also conducted an annual audit in 2023 on consumer protection, focusing on the review of system construction, mechanism and operation, operation and service, education and publicity, dispute settlements and other aspects. Ping An has achieved a NPS of 59 in 2023, representing three consecutive years of growth.

9. **Improved information security and AI governance, certificated by ISO/IEC 27001/27701 with a 100% approval rate of annual certifications.** Ping An constantly improves its information security management system to ensure the confidentiality, integrity, and availability of information. In 2023, Ping An completed 59 security emergency drills with its member companies, covering nine emergency drill scenarios such as dealing with ransomware, anti-DDOS attacks and phishing emails. Ping An also carried-out database backup and recovery drills and the cross-regional joint disaster recovery drills, effectively consolidating the Group's emergency response capability for information security. In 2023, Ping An provided more than 50 information security training and education sessions for all employees and related third party personnel, covering terminal security, data security and office security.

10. **Actively fulfilled social responsibilities and strengthened community impact: Ping An launched its "Rural Communities Support Program" in 2018 to support rural revitalization.** In 2023, it offered RMB40.729 billion in industrial revitalization assistance funds. As of the end of 2023, the cumulative funding for industrial revitalization was RMB117.9 billion. The Group has also assisted the construction of 119 Ping An Hope primary schools across the country, and the number of volunteers from Ping An employees and agents has surpassed 500,000. In 2023, the Ping An Volunteer Teaching Action program recruited 1,167 volunteers, trained more than 100 seeded instructors and rural teachers, and awarded scholarships amounting to RMB 602,000 awarded to 396 students.

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Technology-driven sustainable development

Ping An widely utilizes the leading technological capabilities to empower its main financial businesses, achieving cost reduction, efficiency improvement and promotes sustainable development. In 2023, Ping An achieved a total gross premium of RMB300.3 billion through customers' self-service insurance renewals with AI guidance, an increase of 13% year-on-year; AI service representatives provided customer service about 2.22 billion times. Ping An P&C's Disaster Risk System (DRS 2.0) and catastrophe emergency service platform developed by provides strong technological support for disaster mitigation. The system covers eight kinds of disaster risk maps, including typhoons and rainstorms, and 15 disaster early warnings. In 2023, Ping An issued 572,000 warnings about the potential impact of typhoons, rainstorms, floods and other disasters and sent 8.57 billion early warning messages, covering 87.04 million individuals and enterprises, and provided on-site hazard investigation and other services for more than 52,000 customers.

Sustainable supply chain

Ping An integrated ESG requirements into its closed supply chain management, from selection and verification, management and integrity to tracking and feedback, and focuses on suppliers' ESG performance in aspects of information security, employee rights and interests, and environmental protection. Ping An has added ESG requirements to existing supplier contracts, including information security and privacy protection, low-carbon and green technology transformation and development, labor rights protection and employee development, 100% of supplier contracts have included sustainability requirements. In 2023, Ping An provided targeted education on ESG management requirements and ESG risk practice for suppliers, with annual training coverage of 100%. The Group eliminated 393 suppliers due to failure to meet sustainable development and other requirements.

Industry leadership

Ping An continues to leverage its influence in sustainable development in the industry as well as strengthen internal management. In 2023, Ping An Group participated in the formulation of two industry-wide ESG standards: 1) the self-regulatory Green Insurance Classification Guidelines (2023 Edition) covering green insurance products, green investment of insurance funds and green operation of insurance companies and 2) the Guidance for Disclosure of Environmental, Social and Governance (ESG) Information for Insurance Institutions. The latter is the first domestic self-regulatory document for enhancing ESG disclosure frameworks and content in the insurance industry. Furthermore, Ping An became the first asset owner signatory from Chinese to the UN Principles For Responsible Investment (UNPRI) and the first company in Chinese mainland to sign the United Nations Environment Program Finance Initiative (UNEP FI) Principles for Sustainable Insurance (PSI) and Climate Action 100+.

In 2023, Ping An maintained "A" in MSCI ESG Ratings and remained No. 1 in the multiline insurance and brokerage industry in the Asia Pacific region. The Group was also awarded Top 1% of Chinese Companies in the S&P Global ESG Score by S&P's Sustainability Yearbook (China) 2023. Ping An has also received a "Low Risk" ESG Risk Rating from Sustainalytics, ranked #1 in Mainland China's insurance sector.

The sustainability report was compiled in accordance with the Environmental, Social and Governance Reporting Guide of the Stock Exchange of Hong Kong Limited and with reference to the Guidelines on Environmental Information Disclosure for Financial Institutions in Shenzhen, Global Reporting Initiative (GRI) Sustainability Reporting Standards, Guidelines on Environmental Information Disclosure for Financial Institutions issued by Insurance Association of China, as well as the Sustainability Accounting Standards on Commercial Banks, Insurance and Asset Management & Custody Activities published by the Sustainability Accounting Standards Board (SASB). Deloitte Touche Tohmatsu Certified Public Accountants (LLP) has carried out an independent third-party assurance on the Report. To access the full report, please click here.

https://www.prnewswire.com/news-releases/ping-an-releases-2023-sustainability-report-302116572.html

China’s Green Financing Surges to $4.1 Trillion in 2023

China is accelerating its green transition, leveraging financial instruments to promote sustainable development. According to guidelines from the Communist Party of China Central Committee and the State Council, the focus is on green equity financing and financial leasing to drive economic transformation.

The People’s Bank of China reported a substantial increase in green loans, totaling $4.1 trillion at the end of 2023—a 36.5% rise compared to the previous year, marking it as the highest growth among all loan types. These funds are primarily directed towards green projects in sectors like energy, construction, and mining.

In addition, China’s domestic green bond issuance approached $498 billion by the end of 2023. This influx of capital supports green transitions across various industries, reinforcing the nation’s commitment to a low-carbon future.

Financial institutions are also ramping up their efforts in sustainable investing. The Asset Management Association of China noted that by the end of 2022, 296 mutual funds focused on sustainability and ESG had accumulated over $55.5 billion in assets. E Fund Management Co., Ltd., China’s largest mutual fund manager, has been at the forefront of this movement. As one of the first PRI signatories in China, we are committed to pioneering ESG investment products, stated E Fund Management.

E Fund is further enhancing its ESG strategies by developing an ESG rating framework tailored to the A-shares market. This framework uses both quantitative and qualitative methods to assess companies based on environmental impact, management, and opportunities. Additionally, they have published a climate risk management framework to monitor and manage climate-related risks in their investment portfolios.

These initiatives underscore China’s strategic push to guide capital into green and low-carbon industries, reflecting a broader commitment to sustainable economic growth.

Climate Investment Funds Endorses $500m Philippines' Coal Transition Plan | Climate Investment Funds

The governing board of the Climate Investment Funds (CIF), the pioneering multilateral climate fund delivering low-cost finance to over 70 developing countries, endorsed a new investment plan presented by the Government of the Philippines, allocating $500 million for a just transition from coal to renewable power in the country.

The Philippines' Accelerating Coal Transition (ACT) investment plan will harness CIF's concessional resources to facilitate the early retirement or repurposing of the Mindanao plant and other privately owned coal fired plants. In total, the country plans to accelerate the retirement of up to 900 MW of existing coal generation capacity by 2027. To ensure a just transition, 80% of affected employees are projected to gain access to sustainable income.

CIF funding will also support efforts to add 1500 MW of renewable energy capacity by 2030 – which could include battery systems, offshore wind, floating solar and pumped hydro projects. Overall, the ACT investment plan is expected to deliver 33 million tons of CO_2 in GHG emissions reduction by 2030 and improve the health and livelihoods of affected communities.

In 2022, coal accounted for 44% of total installed capacity and 60% of total generation in the Philippines. It emits over 55% of the country's GHG emissions, generates air pollution, and is costly, with the sector relying on imports.

Through the ACT investment plan, the Government of the Philippines will progress their Nationally Determined Contribution (NDC), having committed to a 75% reduction in GHG emissions by 2030. Renewable energy currently stands at 22% of total energy generation and must grow to 35% by 2030.

In the Philippines, 90% of national energy capacity is produced by the private sector. The ACT investment plan will facilitate the implementation of a private sector decarbonization and repowering program designed to incentivize the transition away from coal and expedite the creation of renewable energy capacity.

CIF will provide $475 million in loans and $25 million in grants to support the country's coal transition. The total co-financing is expected to exceed $2.3 billion, with investments from the Asian Development Bank, the World Bank Group, and the public and private sectors.

The CIF funding is part of the $2.2 billion Accelerating Coal Transition investment program, a first-of-its-kind multilateral investment platform pioneering a transition away from coal toward clean energy utilizing concessional finance in key middle-income countries.

ESG Association of Asia

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