



# SUSTAINABILITY NEWS HEADLINES

## Sustainable Fund Assets Hit Record \$1.7 Trillion in 2020

Demand to invest in funds which focus on environmental, social and governance (ESG) issues jumped in 2020, driving assets under management up 29% in the fourth quarter to nearly \$1.7 trillion, industry tracker Morningstar said recently.

In a turbulent year marked by the effects of the COVID-19 pandemic, the surge in ESG assets was bolstered by a stimulus-driven market recovery, as investors increasingly looked for more resilient investments.

Covering everything from how a company handles climate change or boardroom diversity to how a country is positioned to withstand the impact of changing weather patterns, the belief is that those with a good ESG score will perform better over time.

The flows have also been helped by an accelerating push by governments globally to transition to a low-carbon economy, changing market rules and tax regimes to encourage climate-friendly investments, many of which are held by ESG funds.

Equity funds continued to remain the most popular asset class for ESG investors. Equity funds investment into European funds captured about \$82 billion of the fourth-quarter net inflows, while U.S. equity funds took in nine out of every 10 dollars in net flows.

Keen to tap the growing demand from investors, asset managers ramped up their launch of new funds, with a record 196 new funds hitting the market in the fourth quarter, breaking the short-lived record set in the previous quarter of 182.

### Sustainable Funds Flows in 2020 (US\$)

Europe	120.8 Billions
U.S.A	20.5 Billions
Asia (excluding Japan)	5 Billions
Japan	3.7 Billions
Canada	1.2 Billions
Australia and New Zealand	1.2 Billions

Source: Morningstar

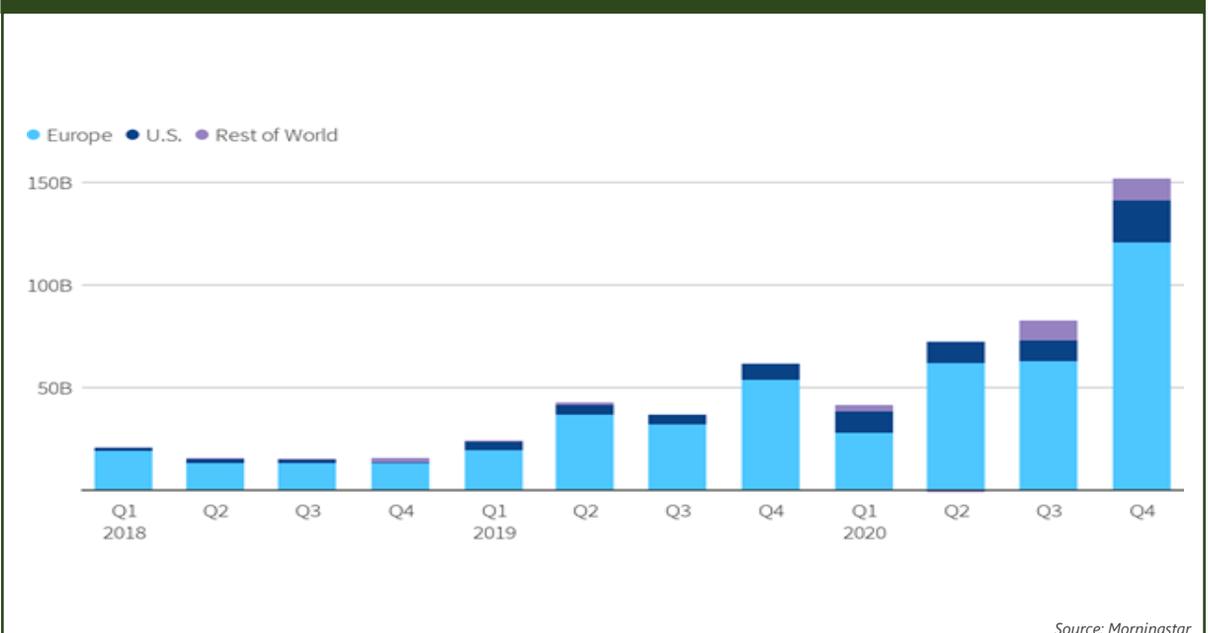
### 196 Funds

196 new funds were launched by assets managers in 4<sup>th</sup> quarter of 2020, reflecting the growing demand from investors.

Source: Morningstar



## Flows into sustainable funds over time, in billions of U.S. Dollars



Source: Morningstar

## Global Carbon Budget: Record decrease in global CO2 emissions in 2020

The carbon budget is the estimated amount of CO2 that the world can emit while still having a likely chance of achieving the Paris Agreement goal of limiting global temperature rise to 2°C above pre-industrial levels.

COVID-19 restriction measures caused an unprecedented drop of 2.4 billion tonnes of CO2 in 2020. Scientists estimate that cuts in global emissions of the order of 1 to 2 billion tonnes are needed each year until 2030, to meet the goal of the Paris Agreement.

The lockdown measures taken to curtail the spread of the coronavirus, were largely responsible for a record decline in global CO2 emissions from fossil fuels, of approximately 2.4 billion tonnes (GtCO2) in 2020.

The largest drop was observed from the transport sector. At the peak of the COVID lockdowns, emissions from surface transportation, responsible for 21% of global emissions, were reduced by half, while emissions from aviation that account for 2.8% of global emissions, went down by a staggering 75%. Emissions from industry (22% of global emissions) and power production (44% of global emissions) drop by 30% and 15%, respectively.

This observed slowdown in global CO2 emissions, the expected impact of emerging climate policies, and the net zero commitments by the world's major economies, have given renewed optimism that the world could permanently break with the long-term growth in emissions and start bringing global emissions down.

### 1 to 2

**Billion tonnes**

Cut in global CO2 emissions is needed each year until 2030, to meet the goal of the Paris Agreement.

Source: Global Carbon Project

### 2020

**2.4 billion tonnes**

decrease in emissions from fossil fuels was the largest ever recorded in one year.

Source: Global Carbon Project

### 2020 CO2

**Annual Emissions**

**35 Billion tonnes**

**Atmospheric Level**

**415 Parts Per Million**

Source: Energy & Climate

