



Code Red - Asia Pacific's Time To Go Green

Vietnam in Net Zero race

Introduction

The 2020s will be pivotal in the transition to a Net Zero economy. Businesses cannot afford to wait. The time to act is now.



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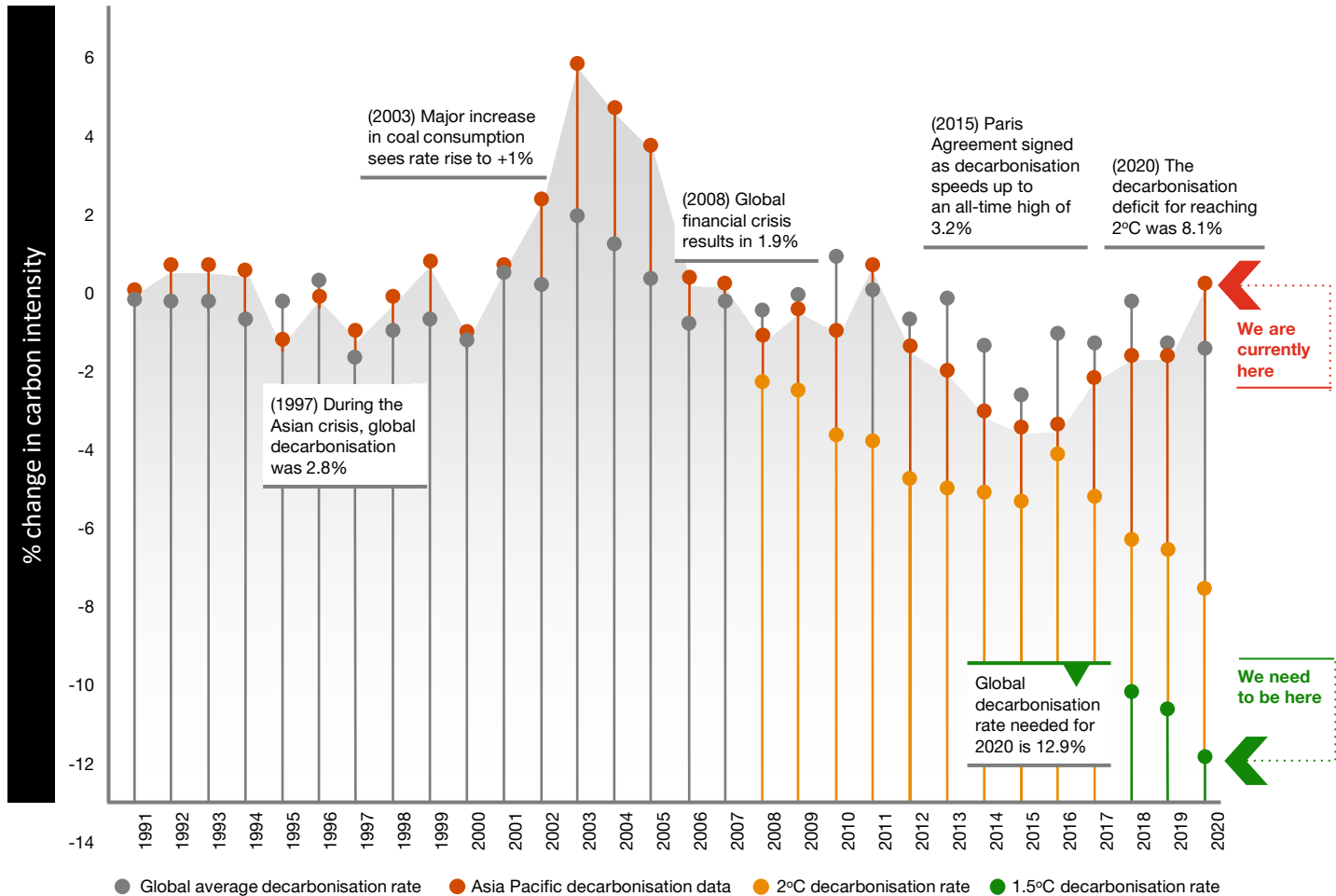
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Climate change is a significant issue of our time and we are at a defining moment. Underscoring its importance is the presence of 197 country leaders at the recent 2021 United Nations Climate Change Conference weeks, also known as COP26 to agree on how to step up global action to solve the climate crisis.

Transitioning to carbon neutrality will require a rewiring of the entire economy. From a country perspective, Vietnam has recently made a stronger commitment to tackle climate change in COP26. However, the reality is that a nation cannot meet its net-zero commitment without ambitious action and systemic change.

This is not a journey that governments can undertake alone. Businesses have a crucial role to play and it's timely for Vietnam to adopt a partnership-led approach to reach our Net Zero goal.

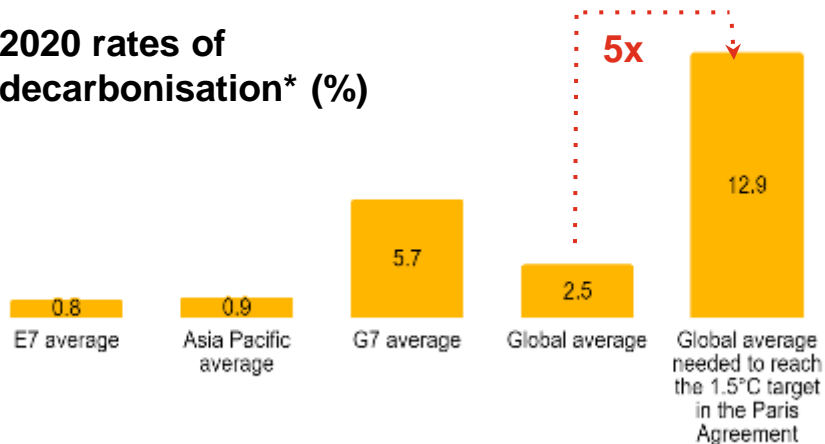
Global and Asia Pacific decarbonisation rates since 1990 are still far from the needed rate for keeping global warming to 1.5 degrees Celsius according to Paris Agreement



Data sourced from the BP Statistical Review of World Energy - see methodology for further information.

Global decarbonisation needs to accelerate to five times its current rate

2020 rates of decarbonisation* (%)



G7 economies (US, Japan, Germany, UK, France, Italy, Canada), E7 economies (China, India, Brazil, Turkey, Russia, Mexico and Indonesia).

*Decarbonisation: The rate of reduction in energy-related carbon intensity upfront

Global pledges at COP26 - key highlights

**COP26 participation:
197 countries attended**



Ending Deforestation

- halt and reverse forest loss and land degradation by 2030



141 countries

(Covering 90% of world forest. Brazil and China were the latest countries who signed the pledge)



Net Zero

- Commit to Net Zero, carbon neutrality or being climate-neutral



137 countries

(India and Nigeria were the latest countries who signed the pledge)



Ending Coal

- Phase out coal power at varying speeds



40 countries

(Doesn't include top 3 coal consumers - China, India and US)



Cut Methane emission

- Reduce human-caused methane emissions by 30% between 2020 and 2030



100 countries

(Doesn't include top 3 emitters, China, Russia, and India)



Speed up the switch to electric vehicles

- reach a 100% share of sales of new cars and vans being zero emission



22 countries

(Doesn't include key vehicle-manufacturing countries i.e. Germany, Japan, the US, China, and France)

Progress level: Significant progress Progress No progress

Code red to go green: Commitment to Net Zero

Asia Pacific: Current state

- Asia Pacific's vast population, economies and communities are extremely vulnerable to climate change.
- In 2020 decarbonisation rate in Asia Pacific was **0.9%** (below the global average of 2.5%). To achieve the 1.5°C target and reach Net Zero, the region needs to urgently accelerate its decarbonisation.
- The challenge is to shift away from fossil fuel derived energy towards low carbon and renewable energy sources while equitably enabling regional economic growth.

Vietnam's commitments to tackle climate change

Net-zero carbon emission target:

Year
2050

Phase out coal-fueled power generation by:

Year
2040

Stop deforestation by:

Year
2030

To reduce GHG emissions by

Year
2030

Between **9%**(with domestic resources) and up to **27%** (with international support)

Vietnam submitted its updated **NDC** on 11 September, becoming the 12th country do so in 2020.

Vietnam: The first steps in converting pledges into action

Transition plan away from fossil fuel

Vietnam's draft power plan (PDP8) as of September 2021 sets out a fossil fuel phase out pathway for the near future. Of the total 129.5 GW capacity plan for 2030, renewables (excluding hydro) will account for about a quarter of the energy mix while coal will still play important role, making up 40.6% with installed capacity of 39.7GW. Currently, Vietnam is the ninth-largest coal power generating country in the world.

Vietnam is part of the 'Energy Transition Mechanism' - powered by the ADB - a program comprising public, private, and philanthropic financing designed to pilot the formation of a facility in each country—to purchase coal-fired power plants and accelerate their retirement and jumpstart reliable and affordable clean energy.

Carbon pricing framework

World Bank and Vietnam's Ministries (MONRE, MOIT, MOC, MOF and MPI) are developing carbon pricing instruments for Vietnam.

The revised LEP to be effective as of January 1, 2022 legalises the establishment of carbon pricing in the form of an ETS for greenhouse gases. A carbon tax could also be developed under the overall framework provided by this law.

Electric Vehicle targets

Vietnam has no targets set for EVs and policy or incentives for the EV industry. In trying to attract investments to EV as well as important supporting industries, the MoIT has proposed to MoF, policies to attract FDI projects and investors with taxes, fees, and supportive environmental policies..

No policy/legislation currently exists for:

- Net-Zero
- Climate-related Financial Disclosures
- Science Based targets

Note: The information is as at 30 September 2021

Source: [S&P Global](#), [ADB](#), [World Bank](#), [Policyforum](#)

Top 20 public listed companies in Vietnam - room to grow in applying climate change policies

Top 20 public listed companies in Asia Pacific businesses are already seizing the initiative

The table shows how many of the Top 20 public listed companies in AsiaPac countries are responding to calls from a range of stakeholders to pursue more aggressive emissions reductions.

There are 45 companies within Asia Pacific that have signed up to the Science Based Targets initiative Business Ambition for 1.5°C. CDP, a not-for-profit that runs a global disclosure system, has placed 75 Asia Pacific companies on its “A-List” for their climate disclosure and activities.

Net zero policies	SBTi	TCFD	
18	4	18	Australia
4	1	2	China
6	2	5	India
1	1	1	Indonesia
7	3	17	Japan
5	2	8	Malaysia
9	7	14	New Zealand
2	0	8	Philippines
7	4	10	Singapore
3	3	14	South Korea
8	3	15	Taiwan
7	2	9	Thailand
0	0	0	Vietnam

Government and business must collaborate to drive decarbonisation at the necessary pace and scale



Golden opportunity for green growth: Reimagining business for Net Zero



Ambition for action

Change must start at the top

Leaders need to take transparent and vocal ownership of their organisation's commitment to Net Zero.



A comprehensive "green" transformation

Focus on high impact areas

- Operating model
- Rebalancing supply chains
- Innovation
- Talent



Building trust through targeted reporting

Data and transparency are crucial

Demonstrate progress and performance against Net Zero targets requires a comprehensive approach.



Leveraging emerging sources of capital

Financing and delivering the shift to Net Zero

Innovative and sustainable partnerships between all stakeholders with public and private investment are essential.



“ Business has a golden opportunity for green growth. Those that act fast and act comprehensively in the race toward Net Zero will enjoy a generational first mover advantage including long-term financial success, sustainable competitive advantage, favorable customer attitude and operational efficiency.

The ability to communicate sustainability practices through verified reports on environmental, social and governance performance will be ever more important.

COP26 is a moment of hope. Now is our time to come together to create a world we are proud to leave to our children. Every one of us must do our part.”

Nguyen Hoang Nam

Partner and ESG leader

Assurance services

PwC Vietnam

Glossary

COP26: The 26th Conference of Parties was held in Glasgow in November 2021. The 197 countries that have ratified the Convention are called 'Parties to the Convention'. The Treaty entered into force in 1994 and the first Conference of the Parties (COP) to the Convention was in 1995. COP has been held every year (excluding 2020) since 1995 in a different country. The COP is the supreme decision-making body of the UNFCCC. COPs are attended by countries engaged in formal climate negotiations, as well as non-state actors e.g. business and civil society.

Decarbonisation: The rate of reduction in energy-related carbon intensity upfront

Net-zero: Achieving a balance between the emissions released into the atmosphere and the emissions removed from the atmosphere

Race to Zero: A global campaign to gain support from businesses, cities, regions, and investors for a zero carbon recovery that prevents future threats and promotes sustainable growth.

TCFD: The Task Force on Climate-related Financial Disclosures was created in 2015 by the Financial Stability Board, with the aim of increasing and improving the reporting of climate-related financial disclosures.

UNFCCC: The United Nations Framework Convention on Climate Change is an international treaty that was adopted in 1992 during the 'Earth Summit' in Rio de Janeiro. UNFCCC's aim is to prevent 'dangerous' human interference with the climate system.

ADB: Asian Development Bank

ESG: Environmental, Social and Corporate Governance

ETS: Emissions Trading Scheme

EVs: Electric Vehicles

GHG: Greenhouse Gas

LEP: Law on Environmental Protection

MOC: Ministry of Construction

MOF: Ministry of Finance

MOIT: Ministry of Industry and Trade

MONRE: Ministry of Natural Resources and Environment

MPI: Ministry of Planning and Investment

NDC: Nationally Determined Contribution

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