



MEDIA RELEASE
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Investors release major new guide to climate change reporting in Asia

Today the Asia Investor Group on Climate Change (AIGCC) is releasing a new report ***'Building on the base: TCFD Disclosure in Asia'***, the first comprehensive guide developed by investors to look at climate change reporting by publically listed companies in Asia against the Taskforce on Climate-related Financial Disclosure (TCFD).

In developing this report, AIGCC has worked in conjunction with EY and FTSE Russell to look at current levels of reporting by Asian companies in key industry sectors and across major markets in the region. It draws upon previously unpublished data analysis of corporate reporting on climate change and is the first report to benchmark performance against the TCFD for the region.

This guide outlines the expectations that investors have of listed companies on their climate disclosure and is designed to provide a practical tool for investors as they work in partnership with their investee companies in Asia.

“With Asia lashed yet again by increasingly extreme weather events in 2018, the impacts on climate change are really hitting home,” said Rebecca Mikula-Wright, Director of AIGCC.

“Companies in the region are directly impacted by the physical impacts of climate change but are also innovating to provide the products and solutions needed for the world to transition to net zero carbon by 2050”.

“Investors want to know how listed companies in Asia will manage these climate change risks and the TCFD framework can help them do this. By undertaking this analysis, we hope to show how companies are measuring and managing the financial impacts of climate change”, said Mikula-Wright.

Key highlights from the report include:

- The highest level of disclosure across the region was in the category of climate change policy, as companies start to report their position on key issues. Although other Governance areas remain key gaps in disclosure.
- Companies are consistently underreporting on their Strategy for managing risks and capitalising on opportunities. In particular, more work remains to be done in the area of detailed scenario analysis.
- Transport and energy are the two sectors which stood out as having higher levels of disclosure, both in terms of coverage and quality, with insurance close behind.
- Taiwan stood out with high levels of corporate reporting across all areas of corporate disclosure on climate change issues, owing to a strong pre-existing

regulatory regime. Beyond that, there was mixed performance across countries, with Japanese companies having the highest rate of disclosure on short and long term emissions targets, South Korea was strong on Risk Management disclosure and Thailand performing well on Metrics and Targets.

A full breakdown of disclosure by industry sector was developed by EY. FTSE Russell looked at country by country analysis on the TCFD, compared with global benchmarking.

The guide also utilises a number of existing Investor Expectations sector guides developed for oil and gas, mining, utilities, auto manufacturers and upcoming steel report by the [Global Investor Coalition on Climate Change](#), which provide additional sector specific disclosure recommendations, particularly regarding the oversight of public policy positions and activity.

The release of the Taskforce on Climate-related Financial Disclosures (TCFD) recommendations in June 2017 has created a single framework for investors and corporates to report on their climate change exposures. Investors have begun escalating their requests for greater transparency through TCFD reporting from their investee companies with initiatives such as the [Climate Action 100+](#), a 5-year collaborative engagement initiative to improve governance on climate change, curb emissions and strengthen climate-related financial disclosures. The initiative now has a record number of 310 signatories representing US\$32tn assets under management.

AIGCC will continue to work with our members in the region to develop tools and resources for investors in Asia to manage climate related investment risks and opportunities.

This guide is now available in on the AIGCC [website](#).

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About the Asia Investor Group on Climate Change (AIGCC)

The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing. AIGCC provides capacity for investors to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy.

With a strong international profile and significant network, including pension, sovereign wealth funds, insurance companies and fund managers, AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy.

AIGCC currently has 26 members who represent over US\$2.4trn assets under management.

www.aigcc.net

About this report.

AIGCC worked in conjunction with EY and FTSE Russell in the development of this report.

“EY recognizes the value from appropriate climate risk disclosures to meet investor, and wider stakeholder, expectations. What we can see from this report is that there is a significant opportunity for the business community to engage in the conversation across Asian markets. Stakeholders across the region, from regulators to pension funds and the companies themselves, increasingly see the value in aligning their disclosures to a globally accepted reporting framework such as the TCFD. The momentum is clearly shifting towards integration of climate risk assessments into core business strategy and financial filings, putting in place the mechanisms required to demonstrate how sector leaders are responsibly mitigating climate risk, and optimising the opportunities from a zero carbon world.” Dr. Matthew Bell | Asia Pacific Managing Partner of Climate Change and Sustainability Services at EY

“This report provides a clear picture of the current state of TCFD disclosure across Asian equity markets. FTSE Russell has aligned its climate research model with TCFD recommended metrics and having collected data from companies globally it’s clear that disclosure varies widely from one region to another. Asia, which accounts for 44% of the FTSE All-World Index by number of constituents, lags behind its regional peers in disclosure of TCFD indicators. However, there is clear momentum in the region which is visible from the engagement we see with investors and companies across many Asian markets. If we repeat this analysis in future years we expect to see a growing level of awareness of climate change and its related risks and opportunities. Investors in Asia, led by large public pension funds, are increasing their stewardship and engagement with companies on the disclosure of climate strategies and data. This trend is being further supported by regulators and by exchanges who in many instances are taking action to improve issuer climate disclosure. This is demonstrable through the 17 Asian exchanges that have chosen to become members of the UN backed Sustainable Stock Exchange initiative.” David Harris, head of Sustainable Investment, FTSE Russell & Head of Sustainable Business, London Stock Exchange Group.