NEW REPORT: “Winds of Change: Low carbon investing in Asia”

By the Asia Investor Group on Climate Change

Asian investor survey: appetite for low carbon investment is strong and company engagement on climate risks is increasing.

As the 25th annual UNFCCC Conference of the Parties (COP25) gets underway in Madrid, investor appetite for climate investment opportunities in Asia is strong and engaging with companies on the transition to low carbon is accelerating as Asia feels the sting of increasing physical climate impacts - according to a new survey of institutional investors released today by the Asia Investor Group on Climate Change (AIGCC).

Outlined in a new report – Winds of Change: Low Carbon Investing in Asia – institutional investors have provided direct insights into how they are approaching low carbon and green investment opportunities and where they are active by market and asset class. The survey was undertaken over the July to August period in 2019, with investors managing more than US$1.9 trillion in assets responding to questions on their approach to climate investment.

“The survey finds that investor appetite for climate aligned investment is increasing, with huge potential to grow and activity is accelerating,” said Rebecca Mikula-Wright, Director of AIGCC. “This is happening in parallel to increasing coordination by regional financial regulators on alignment to the Taskforce on Climate-related Financial Disclosures (TCFD).”

“Investors in Asia are becoming increasingly sophisticated in their approach to portfolio-wide implementation of climate considerations, with some ambitious net-zero targets and innovative TCFD-aligned reporting methods being used”.

“As an investor, partnering with our investee companies in the region on engagement is a vital tool to meet the challenges of climate change for each company”, said Sophia Cheng, CIO Cathay Financial Holdings and Chair of AIGCC. “We are all working this out together and learning from each other. Just like climate change, we can’t solve this on our own.”

Key findings from the survey include:
- 95% of the investors surveyed are implementing low carbon strategies
- 66-75% of investors surveyed are planning to increase their low carbon investment across all asset classes
- 45% investors have climate-aligned targets across their equities and infrastructure asset classes, with over 35% for other asset classes.
- 62-77% of investors are either already or actively considering assessing their portfolios for physical risks and planning to increase resilience within those asset classes
- 40% of investors already assess their real estate portfolios for physical risk
- 63% of investors consider the social dimension in their low carbon investment strategies

The report includes a number of recent examples of institutional investors from across Asia which are setting targets, developing products and reporting on the outcomes of their climate change investment strategies.

The emergence of a number of Sustainable Finance initiatives in the region, will likely accelerate this trend of mainstreaming climate change into investor practice.

“AIGCC will continue to support growing appetite among Asian investors for climate aligned investments, and to work with our members and stakeholders in the region to develop investable solutions to facilitate the transition to a resilient, net zero emissions economies,” Mikula-Wright said.

The report is available at www.aigcc.net

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ABOUT AIGCC
Asia Investor Group on Climate Change
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, AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy.

AIGCC has 34 members from 11 countries representing over US4.5trn in assets under management.
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