



Asia Investor Group on Climate Change **Year in Review 2019**



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Welcome from the Director and Chair

We are delighted to present the first annual *Year in Review 2019* for AIGCC. This report provides a summary of the work that we have undertaken over the course of 2019, a year which has seen significant steps forward in the region in how we collectively deal with the challenges of climate change.

The physical impacts of climate change are being felt acutely in the region with typhoons in Japan and the Philippines, heatwaves from India, Pakistan and further afield, unprecedented bushfires in the Amazon, California and Australia attributed to a warming planet all inflicting immense damage, loss of life and huge economic impacts.

However government mobilisation on the issue has increased markedly in the region with governments such as Singapore announcing multi-decadal adaptation measures to cope with sea level rise, and the Japanese government mobilising companies and investors around the TCFD reporting framework amongst other announcements. All while millions of students globally participate in School Strike for Climate marches to raise awareness of the need for urgent action.

Over the year, AIGCC has worked with our members and investors across the region to highlight how climate change will affect their portfolios. We have seen a significant increase in appetite and demand from investors in the region for information, tools and case studies to assist with creating climate policies, low carbon investment, and reporting through the TCFD framework.

AIGCC members in Asia continue to grow, and we are seeing more engagement with sovereign wealth and government pension funds in the region. This investor activity has been coupled with a surge in new initiatives around green finance from regulators and policymakers, in addition to new market-based sustainable finance platforms being launched.

In response, in 2019 AIGCC has also developed a new policy workstream to respond to heightened market activity, and this year focused on Japan in the lead up to the G20 in June.

This year AIGCC delivered a number of key projects including setting a new strategy for 2019-2022 to outline how we will continue to grow our impact in the region. The third annual CEO/CIO Climate Change Roundtable in Singapore was held in September and we published two new major reports, *Are Asia's Pension Funds ready for Climate Change* and *Winds of Change: Low Carbon Investing in Asia*. AIGCC has been actively engaging an increasing number of regional investors to participate in and highlight their activities through international initiatives such as The Investor Agenda and Climate Action 100+. This includes engaging with regional financial regulators and policy makers.

We also look forward to welcoming Tom Arup, who is joining as Director, Strategic Communications for AIGCC.

It is very encouraging to see the stepchange in ambition and action from investors and regulators in Asia, but there is much more to be done to accelerate action from a larger pool of investors in the region. 2020 is a critical year for climate action globally and as the first global stocktake of national ambition approaches under the Paris Agreement, the role of investors has never been clearer. As a sector investors must continue to do more, and ask for more from companies and policymakers.

We would like to thank the AIGCC team and the IGCC (Australia/New Zealand) board and management for their support during the year. A sincere thank you to all AIGCC members and key stakeholders in the region for their contribution, hard work, passion and determination this year.

We look forward to continuing to work with you in the new year.



Rebecca Mikula-Wright
Director AIGCC



Sophia Cheng
CIO Cathay Financial Holdings
Chair AIGCC



About 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 and sovereign wealth funds, insurance companies, fund managers, family offices and endowments.

AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy.

Our Goals

The goal of the Asia Investor Group on Climate Change (AIGCC) is to engage and cooperate with Asia based asset owners, investors and the global investment community around climate finance and investment.

The group is a private forum of regional investors with the aim of peer to peer collaboration and learning about the impacts of the risks and opportunities climate change presents to their portfolios.

Projects the group undertakes aim to assist in facilitating dialogue and engagement with other Asian investors, companies and regulators in the transition to a low carbon global economy. Investors in the region are invited to participate from China, Japan, India, South Korea, Singapore, Hong Kong, Taiwan, Indonesia, Malaysia, Thailand, Philippines, Vietnam and the Pacific.

A new strategy for AIGCC: 2019-2022

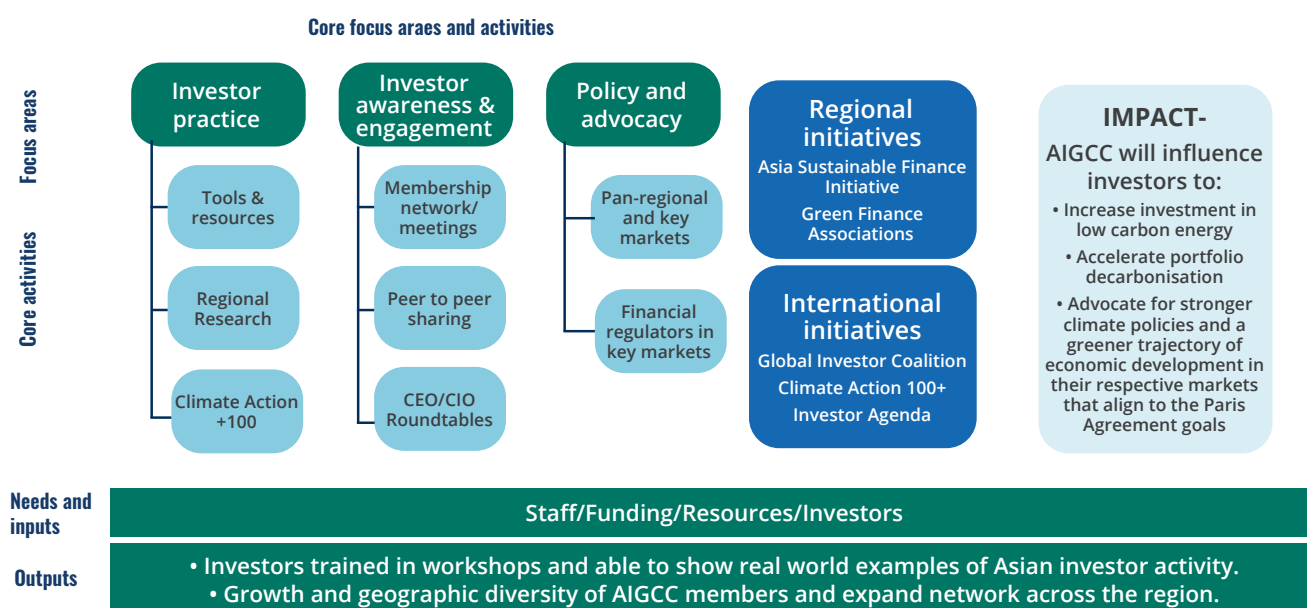
As AIGCC enters the next phase of our development, in 2019 we paused to review progress to date and develop a new strategy and plan for the next three years. We worked with a dedicated investor committee, including several IGCC Management Committee Members and the current and former Chairs of AIGCC (Sophia Cheng CIO of Cathay Financial Holdings and Emily Chew, Global Head of ESG at Manulife Investment Management). We also consulted AIGCC members on how best to meet their needs.

Our new three-year strategy and business plan for the period 2019-2022, sets out our goals on how we will look to work with and influence Asian investors. In the immediate term, AIGCC's particular areas of focus with Asian institutions on will be to encourage:

- Integration of climate change risks and opportunities into policy and portfolio decisions
- Engagement with companies as part of the Climate Action 100+ program
- Engagement with regulators to encourage company and investor TCFD disclosure.

We are also developing analytical tools, convening events and facilitating knowledge transfer among investors in the region and internationally.

AIGCC 2022 Strategy



AIGCC in the media

AIGCC is committed to ensuring that investor perspectives are a part of the regional debate on climate change through our media and advocacy activities. In 2019, we increased our media presence in key publications across core markets, including in Japan and South Korea, as well as pan-regional publications.

In 2020, we will be stepping up our work to increase the profile of investors in the public debate on climate change.

Exclusive: [世界各国の投資家、主要国政府に気候変動への迅速な対応求める](#), Reuters, 26.06.19

[\[지속가능·기후금융을 만드는 사람들 ① | 레베카 미쿨라 라이트 AIGCC 국장\] “온난화로 아시아기업 2210억 달러 손실”](#), Naeli, 26.09.19

[推動綠色金融! 台灣氣候變遷論壇登場\(綜合報導\)](#), One TV News, 13.12.2019

Growing our impact and footprint in Asia

Over 2019, membership of AIGCC has grown to 35 members from eleven countries, with over US\$4.5 trillion in assets under management, a four-fold increase since September 2016.

This year AIGCC continues to use its platform to build investor knowledge and awareness of climate change. We convened ten member meetings during 2019, with around 15-20 members and guests joining each meeting. Asset owners including sovereign wealth and government pension funds who are not public members of AIGCC also participate in these meetings. Meeting topics included the UNEP FI TCFD pilot project, portfolio temperature score tools, and the Science-based Targets Initiative (SBTi).

AIGCC's profile in the region continues to build, through peer connections as well as via participation in key regional and global events.

AIGCC was invited to speak at such events including:

- RI Asia (Tokyo)
- Global Reporting Initiative CEO Roundtable (Singapore)
- Climate Change Resilience Forum (Philippines)
- Green Climate Fund Conference (Seoul)
- TCFD Summit (Japan)
- IGCC Summit (Sydney)
- China SIF Conference (Beijing)
- 3rd Annual Taiwan Climate Change Forum



One big trend to watch for:

"We are now seeing regional and global leadership on climate change in Asia. Supported by coordinated action by financial regulators, we expect to see this momentum pick up as more investors and translate this into higher climate expectations of companies through TCFD reporting and engagement."

Rebecca Mikula-Wright, Director, AIGCC

Stepping up policy engagement

A key part of the new AIGCC strategy is to step up our regional policy engagement.

In 2019, AIGCC focused on Japan in the lead up to the G20 in Osaka in July, while engaging in a number of discussions with other regulators and central banks across Asia.

As the host of the June 2019 G20 summit meeting in Osaka, Japan played a vital role in calling for global government leadership on climate change. Investors supported this call for greater action, and AIGCC undertook policy engagement with the regulator, the Financial Services Agency (FSA) and key Ministries (Energy, Trade and Industry, Environment, Foreign Affairs), and the Japanese Business Federation (Keidanren).

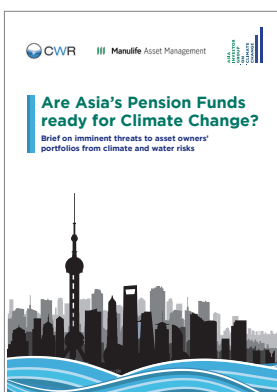
The purpose was to share investor expectations and support for more ambitious government policies and investor activity in the region through AIGCC, and major initiatives such as the Climate Action 100+.

Coordinated by AIGCC, CEOs from the seven Founding Partners developed a joint letter to the Japanese government in response to the updated long-term strategy, ahead of the G20. The letter welcomed the call to embrace renewable energy as a major power source and encouraged the adoption of an increased renewable energy target of 35% in line with the recommendations in the Foreign Ministry Climate Diplomacy Taskforce. The establishment of the TCFD Consortium to support the private sector in the implementation of the TCFD recommendations was also welcomed.



Engaging with our members and building climate change capacity

This year we made significant progress in working with our members to grow investor action on climate change in the region.



AIGCC partnered with China Water Risk and Manulife Investment Management to develop and publish a major new report on climate and water risks in Asia *Are Asian Pension Funds ready for Climate Change?*

The flagship AIGCC CEO/CIO Roundtable was held in Singapore for the third year in a row in conjunction with the Milken Asia Summit. Thirty-three investors participated (a 30% increase from 2018) with over US\$5.5 trillion in assets under management represented. Funds attended from nine markets including Singapore, China, Hong Kong, Taiwan, Malaysia, Japan, Korea, Australia, Canada and France.

This year, investors were taken through a deep-dive in climate scenario analysis, an update on low carbon trends of investors in the region and the Climate Action 100+ Progress Report was discussed. An update on progress and case studies from key markets and investors provided valuable insight into the work of peers globally. As in previous years, requests for additional investor roundtables in other markets were requested, which AIGCC will follow up on in 2020.



We also undertook our first investor survey of activity in low carbon investment across Asia, with the final report *The winds of change: Low carbon investing in Asia* released in early December 2019.



International collaboration

Alongside our program of work in Asia, AIGCC recognises the significant value in collaborating with our global peers. There is no doubt, however, that the breadth of our international agenda has increased in 2019 through important initiatives such as the Climate Action 100+ and The Investor Agenda.

Global Investor Coalition on Climate Change

Through the Global Investor Coalition on Climate Change (GIC), AIGCC works in close partnership with regional investor networks covering Australia/New Zealand, Europe and North America engage with global policy makers and develop investor tools and resources for managing climate change. This year, the GIC continued to develop the Investor Expectations series, shared guides for key industry sectors that provide global investors with additional tools to support company engagements. In 2019, GIC released Investor Expectations for Steel Companies in February, Investor Expectations for Companies in the Construction Materials Sector July, and Investor Expectations for Listed Real Estate Companies in November. We are also working with the GIC to develop a compendium of investor best practice from across the regions, to be released in 2020.



The Investor Agenda

Launched in 2018, The Investor Agenda is a collaborative initiative that aims accelerate the transition to a net zero emissions global economy and limit global warming to 1.5°C. It has been

developed by seven founding partners: the Asia Investor Group on Climate Change (AIGCC), CDP, Ceres, Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI), and the United Nations Environment Program Finance Initiative (UNEPFI).

The Investor Agenda creates a platform for investor action focused on four key areas: investment, corporate engagement, investor disclosure and policy advocacy. This enables policymakers, businesses and other stakeholders to track the breadth and depth of investor commitment to action on climate change.

In September 2019, The Investor Agenda released its first Annual Progress Report. This found that nearly 1,200 investors have taken action in one or more of the focus areas of The Investor Agenda. More than 750 investors have engaged with or directly influenced portfolio companies to act on climate change, more than 400 investors have stepped up their own disclosure on climate change, and more than 260 have set a climate target.



In the year ahead, we aim to use The Investor Agenda both accelerate and demonstrate investor support for a heightened sense of urgency in mobilising action on climate change.

The Global Investor Statement to Governments on Climate Change

Ahead of the UN Secretary-General's Climate Action Summit in New York in September 2019, a record 631 investors managing over US \$37 trillion endorsed the Global Investor Statement to Governments on Climate Change.

This detailed statement sets out what policies investors need from governments to:

- Achieve the Paris Agreement's goals
- Accelerate private sector investment into the low carbon transition
- Improve climate-related financial reporting.

Supporting the investor statement, The Investor Agenda founding partners also released an open letter from their CEOs and a detailed briefing paper, outlining key policy asks from investors.

The statement was initially launched in June 2018 ahead of the G7 Summit, and showcased with increased signatories at the Global Climate Action Summit in September 2018, at COP24 in Katowice in December 2018, and at the G20 Summit in Osaka in June 2019. It was updated again for COP25 in Madrid in December 2019.

The statement, open letter and briefing paper are available at www.theinvestoragenda.org.



AIGCC is a founding partner and regional coordinator of Climate Action 100+, a groundbreaking global project led by investors to engage with the largest corporate greenhouse gas emitters to act on climate change.

Since its launch in December 2017, Climate Action 100+ has grown to over 370 global investor signatories representing over US\$35 trillion in assets under management. Globally, Climate Action 100+ focuses on 161 companies accounting for over 80% of corporate greenhouse gas emissions. These companies are critical to the decarbonisation of investment portfolios and the global economy. The AIGCC Director is an active member of the Climate Action 100+ Global Steering Committee and supports a number of supporting projects and shared working groups.

Local investors supporting our Climate Action 100+ strategy in Asia

The Asia Advisory Group (AAG) was established in December 2018 to advise on the development of market-specific strategies and address key challenges in engagement in the region.

The group is made up of CIOs from Government Investment Pension Fund Japan, Cathay Financial Holdings and CalPERS, as well as China Asset Management and Manulife Investment Management.

AIGCC supports the groups' quarterly meetings and is a conduit of key recommendations to the global Steering Committee. The AAG has developed market strategies for Japan and is now working on a strategy for China. South Korea and India will be a focus in 2020.

Leading Climate Action 100+ in Asia

AIGCC supports over 60 investors that are engaging with the 32 companies in Asia via Climate Action 100+. We coordinate the engagements for 18 of the 32 companies and work closely with PRI on broader market-level engagements.

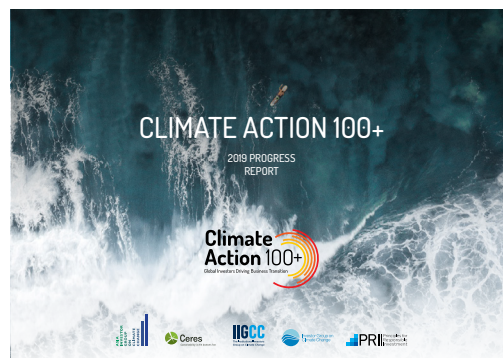
From October 2019 to March 2020, AIGCC will be acting as Chair and Vice-Chair on the Climate Action 100+ global Steering Committee, with an investor representative for the region. Emily Chew, Global Head of ESG at Manulife Investment Management will take on the Chair role as the investor representative for Asia, and AIGCC Director, Rebecca Mikula-Wright will be acting as Vice-Chair. These roles are supported by Valerie Kwan, Climate Action 100+ Manager, who leads AIGCC's work with investors and companies in Asia, and also participates in global working groups and projects.

In 2019 Climate Action 100+ released its first global progress report

In October 2019, Climate Action 100+ published its first global progress report. The report provides an overview of the Climate Action 100+ engagement agenda, sets out progress across key industry sectors, and takes a deeper dive at the critical region of Asia and shared area of focus corporate lobbying.

The report shows that the first phase of the initiative has seen some breakthrough commitments from companies in hard to abate sectors, the initiation of collaborative investor engagement on climate in Asia, and a raft of disclosure commitments on corporate lobbying on climate change. Despite some strong achievements, however, most companies have a long way to go to fully meet investor expectations on climate governance, action and disclosure.

Read the full report at <https://climateaction100.org>





Climate Action 100+ in Asia: 2019 highlights

- Company engagements have been initiated in all seven markets in which AIGCC is involved: Japan, China, South. Korea, Taiwan, Thailand, Indonesia and India
- We established the Asia Advisory Group (AAG) in December 2018 to advise on the development of market-specific strategies and address engagement challenges in Asia
- AIGCC facilitated or participated in 16 company meetings or calls in 2019
- In partnership with PRI, we have developed a successful collaborative model of engagement where local Asian investors work with international peers on company engagement
- In China we are seeing progress on engagements with state-owned enterprises showing interest in peer benchmarking. A market specific strategy for China has been developed by the AAG
- In Taiwan, engagements are progressing well with trust established between investors and companies using collaborative engagement. Some engagements have expanded to include subsidiaries of a parent focus company
- In Japan we have seen significant steps forward in 2019, with all five AIGCC-led engagements underway and promising signs of leadership from focus companies. All five companies have set emissions reduction targets including four commitments to set science-based targets, and all five have signed on as supporters of the TCFD
- In Japan, AIGCC has also developed relationships with key stakeholders including the Japanese Business Federation (Keidanren).

"We are excited to see the growth in participation from Asian investors in Climate Action 100+ engagements and expect this to continue in the year ahead."

Valerie Kwan, Manager,
Climate Action 100+,
AIGCC

Looking ahead to 2020

In 2020 we plan to:

- Continue to grow the organisation's footprint, membership and impact in Asia
- Progress work initiated in 2019 with our new member, CDPQ to develop climate change training for investors to assist in accelerating capacity building and implementation of climate risks and opportunities into portfolios
- Implement market specific strategies for Climate Action 100+ engagement in China, South Korea and India.

AIGCC members (as at December 2019)



AIGCC secretariat

AIGCC is a highly effective team made up of the Secretariat staff, Chair and Vice-Chair of the Working Group. Investor members also provide their time and expertise to contribute to AIGCC projects, initiatives and participation in regional events.

AIGCC has appointed Tom Arup as our Director, Strategic Communications, to join the team in January 2020.

AIGCC is currently a project within the Investor Group on Climate Change Australia/New Zealand (IGCC). AIGCC operates under the structure and governance of IGCC and therefore works closely with the IGCC Secretariat in numerous aspects of the organisation.



Rebecca Mikula-Wright
Director
AIGCC



Valerie Kwan
Manager,
Climate Action 100+



Sophia Cheng
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