

Media Release

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Navigating physical climate risk: a new compendium of tools for Asian investors

The Asia Investor Group on Climate Change (AIGCC) has released a new compendium to help Asian investors navigate the wide variety of climate-risk assessment tools and analytics that are currently available and rapidly evolving.

The Asia-Pacific region continues to witness an increase in the frequency and severity of climate-related hazards, which pose significant and, without adaptation, persistent financial risks to investors in the region.

Managing physical climate risks is an increasing area of focus for investors. At the same time, investors face mounting expectations from regulators on how fiduciaries should be managing physical climate risk exposure.

The guide expands on the [climate-related financial risk assessment methodologies](#), published by the United Nations Environment Programme Finance Initiative (UNEP FI), and evaluates 18 fee-for-service providers that offer climate risk assessment tools and analytics, including an assessment of their Asian coverage.

Investors can in part mitigate physical climate risk via sound resilience and adaptation strategies, and a crucial step in this direction is to identify and assess current levels of exposure.

Investors are increasingly integrating physical climate risk exposures into their investment analysis as data availability also improves. The tools listed in the compendium offer a range of top-down, portfolio-level and bottom-up asset level analyses.

Chair of the AIGCC Physical Risk Working Group and Head of ESG Asia at Manulife Investment Management, Eric Nietsch, said: “We need to invest in resilience against sea level rise, stronger storms, higher temperatures, floods, and droughts. The impacts of extreme weather from climate change are already here and getting worse, especially in Asia, but many of the worst consequences are avoidable. We hope this report helps to outline the variety of tools for investors to assess, manage, and reduce these risks.”

“Actions to prevent climate change are rising but insufficient, and if we do not adapt to the effects of climate change that are already locked-in then we are ensuring these risks will materialize. Investing in resilience does not preclude efforts to limit climate change, but is a critical counterpart.”



AIGCC Chief Executive Officer, Rebecca Mikula-Wright, said: “[Swiss Re has found](#) that the Asian economy could shrink by a quarter by 2048 if no action on climate change is taken.

“Investors stand to gain significantly if they are able to effectively measure and manage their physical risk exposures, thus strengthening their climate resilience. There are massive investment opportunities for the taking across the region if climate risk factors are embedded into existing assets and company supply chains.

“More importantly, investor and stakeholder engagement remain key in understanding the local context, which will enable effective risk management and resilience building initiatives across the region.”

The compendium was produced by AIGCC in partnership with [Moribus Advisory](#).

A full copy of the paper – Riding the wave of physical risks: A compendium of tools and service providers for investors in Asia – can be downloaded [here](#).

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ABOUT AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness and encourage action 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 over 50 members from 13 markets representing over \$US26 trillion in assets under management.
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