

Media Release



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Investors launching new climate-related investment solutions; embracing new climate frameworks – findings from 3rd edition of AIGCC's Net Zero Investment Report

Investors are launching more climate-aligned investment products across asset classes and geographies, according to new survey data in the Asia Investor Group on Climate Change (AIGCC)'s Net Zero Investment Report.

Investors are also becoming increasingly aware of the dangers of greenwashing and welcome more tools and guidance frameworks to combat it.

Out of 20 Asian asset managers surveyed in December 2021, 41 per cent indicated that they are looking to launch up to five solutions in the next two years.

AIGCC's annual survey, now into its third edition, shows how the market is defining and investing in climate-aligned opportunities, and indicates the barriers to increased investment they continue to face.

The Report provides the collective views of Asian investors, and non-Asian investors with significant investment in Asia, managing assets worth over USD 6 trillion globally.

Corporate engagement and shareholder resolutions remain important management strategies among Asian investors this year, with voting on climate on the rise.

Companies can expect further dialogue with investors on climate as the investors step up corporate engagement work and show willingness to vote their shares in support of climate resolutions.

While net zero commitments have become the expectation, **interim targets are emerging as a key component to net zero commitments** in demonstrating genuine Paris-aligned commitments. 40 per cent of respondents have made portfolio-wide commitments, where there were none in the previous year. 25 per cent of respondents have set a portfolio-wide interim target while 55 per cent are actively considering doing so.

This year, the number of investors disclosing, or intending to disclose, climate-related risks and opportunities has risen significantly. AIGCC's survey found that 65 per cent of respondents (compared to 44 per cent in 2020) intend to measure avoided emissions or net climate impact, and currently already measure, or starting to measure, Scope 3 emissions specific to their investment portfolio.

The use of external reporting frameworks continues to grow among Asian investors, where 74 per cent of respondents report against Task Force on Climate-related Financial Disclosure (TCFD) (compared to 55 per cent in 2020). This accelerated adoption of TCFD reporting among Asian investors [is in line with the global momentum around climate-related reporting](#).

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Other emerging trends as indicated from survey findings include:

- **The lack of tools to measure and report on ‘green impact’ remains a primary concern for Asian investors**, where approximately 45 per cent of survey respondents (down from 56 per cent in 2020) indicated that this was the top barrier to investment. However, more tools and guidance frameworks are starting to fill the gaps, and we expect improvements in market information and upcoming green taxonomies across the region. Combined with increasing collaboration and discussions, including through international forums such as the Paris Aligned Investment Initiative, these developments are providing better clarity among Asian investors.
- Asian investors are **actively embracing new international climate frameworks that enable their portfolio alignment to the Paris Agreement, while also developing further in-house capabilities**. This rapid uptake, coupled with ambitious net zero emissions targets, indicate that investors now have the confidence using these tools to also set interim targets to help guide emissions reductions in the short- to medium-term. It is also allowing investors to catch up quickly to peers, creating greater competition to demonstrate their capabilities and product offerings.

AIGCC Chief Executive Officer Rebecca Mikula-Wright said: “It’s a promising sign that more climate-aligned investment products are coming to market, and that investors are alert to the dangers of greenwashing.

“Progress reporting will be key to keep up the accelerated momentum and monitoring of climate integration in the region. It will also ensure investor accountability against commitments and frameworks as global market expectations around the transition to net zero economies increase.

“For example, the [Net Zero Asset Managers Initiative](#)* commitment, where AIGCC supports in-depth direct member implementation, has helped prompt almost half of the surveyed investors (47 per cent) to publicly disclose their targets.

“[The Investor Climate Action Plans \(ICAPs\) expectations and guidelines](#) helps investors identify where they are up to on their climate integration journey and direct investors to the relevant tools or initiatives that are right for them and how they can progress year on year.

“We expect continued growth in expectations for Asian asset managers to report and align their strategy with the TCFD recommendations.”

The third edition of the Net Zero Investment Report contains selected case studies from Asset Management One, Blackrock, Fidelity International, and Maitri Asset Management.

Click [here](#) to download the report.

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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 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 11 markets and with over USD 36 trillion in assets under management. www.aigcc.net

**Note to editors:*

- AIGCC is a founding partner of [The Investor Agenda](#), a collaboration between six other founding partners that brings together and coordinates a number of investor and finance sector initiatives on the climate crisis. The Investor Agenda draws on expertise from across the investor landscape to set out clearly joint expectations in four interlocking areas – corporate engagement, investment, policy advocacy and investor disclosure.
- AIGCC is one of six investor networks responsible for the governance of [Net Zero Asset Managers initiative](#) (NZAMI). NZAMI is an international group of asset managers committed to supporting the goal of net zero greenhouse gas emissions by 2050 or sooner, in line with global efforts to limit warming to 1.5°C; and to supporting investing aligned with net zero emissions by 2050 or sooner.
- AIGCC is one of five founding partners of [Climate Action 100+](#), which is an investor initiative to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. The companies include 100 'systemically important emitters', accounting for two-thirds of annual global industrial emissions, alongside more than 60 others with significant opportunity to drive the clean energy transition. Investors and service providers are seeking to collaboratively engage with Asia's systematically important electric utilities to increase the effectiveness of climate engagement with a common agenda. The AIGCC [Asian Utilities Engagement Program](#) complements and runs in parallel with the global Climate Action 100+ initiative.
- AIGCC is also a partner of the [Paris Aligned Investment Initiative](#) (PAII), a collaborative investor-led global forum, that enables investors to align their portfolios and activities to the goals of the Paris Agreement. Under PAII, 118 investors representing \$34 trillion in assets have engaged in the development of the [Net Zero Investment Framework](#).

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