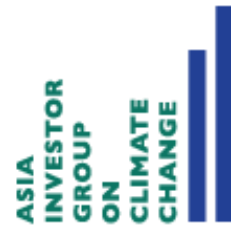


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28 February 2022

IPCC Report of physical climate risks throughout Asia should prompt climate action from investors – Asia Investor Group on Climate Change

The IPCC report, released today, covers global climate impacts, adaptation, and vulnerability. It also documents the extreme implications for Asia's environment, society, and economy.

The latest Intergovernmental Panel on Climate Change (IPCC) report released today underlines the reasons institutional investors should be accelerating their climate action plans on behalf of their clients, says the Asia Investor Group on Climate Change (AIGCC), whose members control more than USD 36 trillion in assets under management.

The report describes how, if emissions remain high, all Asian regions studied by the report (Bangladesh, China, India, Indonesia, Japan, South Korea, and Vietnam) will be impacted by **physical climate risks**, including dangerously high heat and humidity levels, sea level rise and flooding.

Heavy rainfall and typhoon risks were identified as being significant, particularly for the east-Asian economies like Japan and South Korea.

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

The IPCC report also underlines that, unless emissions are rapidly reduced and adaptations put in place, climate events will cause **massive economic damage** upon domestic and global infrastructure, supply chains, and labour capacity, with large impacts on Asian GDPs.

Without rapid decarbonisation, high levels of warming will reduce global GDP by 10 to 23 per cent by the end of the century, compared to a world without warming. Several major economies could see even larger economic declines because of climate change, with a [study](#) cited in the report estimating GDP losses by the end of the century of up to 42 per cent in China and 92 per cent in India, if emissions are high.

Institutional investors can help their countries mitigate and adapt to the effects of global heating by adopt and accelerate their [investor climate action plans](#) with four parts:

- **Investment Practices** – Aligning portfolios with 1.5°C targets,
- **Corporate Engagement** – Encouraging companies to establish 1.5°C-aligned business strategies,
- **Policy Advocacy** - Calling on governments to implement specific policy measures aiming at achieving net-zero emissions by 2050,
- **Investor Disclosure** - Disclosing quantitative details of interim net-zero targets and report progress against them.

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Managing physical climate risks is also an increasing area of focus for investors, who can in part mitigate physical climate risk via sound resilience and adaptation strategies.

A crucial step in this direction is to identify and assess current levels of exposure.

Last year, AIGCC released [a compendium of tools](#) to help Asian investors navigate the wide variety of climate-risk assessment tools and analytics that are currently available and rapidly evolving.

AIGCC Chief Executive Officer Rebecca Mikula-Wright said: “The latest IPCC report comes as no surprise – we are reminded again of the accelerating damage of the human causes of climate change. It should galvanise action and acceleration throughout the economy.

“Climate-aware institutional investors are already disclosing and positioning their portfolios for climate risks and opportunities.

“This report highlights to investors the mounting risks and costs of inaction and the need to reassess if their current investment policies and strategies are in line with what the science requires, and what their own governments have signed up to.

“AIGCC will continue to work with all governments, businesses and our members to strengthen our national approach and unlock private sector investment in achieving emissions reductions and climate resilience measures this decade.”

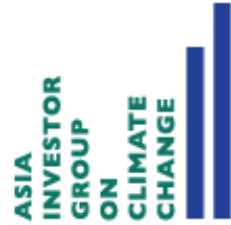
AIGCC Chair, Sophia Cheng, and Chief Investment Officer of Cathay Financial Holdings said: “The findings from the latest IPCC report provides renewed incentive for urgent action. We need to ramp up investment in solutions for climate-resilience, especially in Asia where the impacts of extreme weather from climate change are getting more intense.

“Institutional investors are increasingly taking account of the physical science in a range of ways in their climate and/or ESG and broader investment strategies. If we do not take swift and sustainable action to end greenhouse gas emissions soon then we are enabling the materialisation of these risks.”

[The latest IPCC Working Group II Report, Climate Change 2022: Impacts, Adaptation and Vulnerability, will be available for download from the IPCC Website](#)

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For more information, please contact:

Tammie Kang
Communications Manager
Asia Investor Group on Climate Change
+65 8876 5101
tammie.kang@aigcc.net

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