

ASIA  
INVESTOR  
GROUP  
ON  
CLIMATE  
CHANGE



2021  
YEAR IN REVIEW





# Acronyms

AUEP – Asian Utilities Engagement Program

AUM – Assets under management

CCS – Carbon, Capture, and Storage

COP26 – 26<sup>th</sup> United Nations Conference of the Parties

ESG – Environmental, Social, and Governance

ICAPs – Investor Climate Action Plans

IGCC – Investor Group on Climate Change

IIGCC – Institutional Investor Group on Climate Change

NDCs – Nationally Determined Contributions

NZAMi – Net Zero Asset Managers initiative

NZIF – Net Zero Investment Framework

PAII – Paris Aligned Investment Initiative

PRI – Principles for Responsible Investment

SBT – Science-Based Target

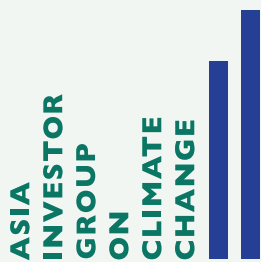
TCFD – Task Force on Climate-Related Financial Disclosures

UNEP FI – United Nations Environment Programme Finance Initiative



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# 2021:

## A YEAR IN HIGHLIGHTS

**57** members

with  
**USD35.8 trillion**  
AUM globally

Represented by AIGCC



Rebecca Mikula-Wright  
appointed CEO of AIGCC



UN CLIMATE  
CHANGE  
CONFERENCE  
UK 2021

IN PARTNERSHIP WITH ITALY

Representation at

**COP26**



**733 investors**  
representing  
**USD 52 trillion**  
in the  
**Global Investor  
Statement**  
to governments

## NET ZERO

**Investor Practice  
Masterclass Series and  
Climate Change Training**  
covered various topics to  
support the implementation  
of action plans towards  
**net zero**



**12**

Total number of  
**AIGCC staff** (FTE),  
covering **6 markets**,  
with **5 new recruits**

in 2021



Launched with **international  
partners**, **AIGCC** launched

### three new initiatives



- Asian Utilities Engagement Program (AUEP)
- Net Zero Asset Managers Initiative (NZAMi)\*
- Paris Aligned Investment Initiative (PAII)\*

\*Launched with international partners

**3,400+**



Media mentions  
**worldwide** for  
**FY2021**  
including



**AIGCC's work on  
international programmes**





# Chair and CEO Welcome

2021 saw the Asia Investor Group on Climate Change (AIGCC) turn five years old. After modest beginnings of a handful of members and staff, and a launch in Singapore, AIGCC has grown rapidly as the region's investors grapple with the complexity and opportunities of the net zero emissions transition. Over the past 12 months, AIGCC continued to attract new members, with a total of 57 members, representing global assets under management (AUM) of USD 36 trillion signing up. Our team has grown as well, with AIGCC now having 14 staff, with two new staff joining in January 2022, across Hong Kong, Seoul, Singapore, Sydney, Taipei, and Tokyo. We have also established an AIGCC board committee for the first time to ensure our members have a strong say in our work and direction.

Since then, we have steadily built our thought leadership by delivering 30 (and counting) works of detailed research and advocacy contributions to support investor practice and inform the policy debate on the investment implications of climate change. 2021 was one of our busiest research years seeing our team release these reports among other work: an analysis of the power sector in ASEAN, with a deep dive into Indonesia and Vietnam; a compendium of physical climate risks tools; and a detailed analysis of carbon capture and storage (CCS) development and cost in the power and steel sectors to be used in our policy and corporate engagement.

One of the highlights of 2021 was the United Nations Conference of the Parties (COP26) held in Glasgow in November. COP26 was hailed as the biggest international climate moment since the Paris Agreement in 2015. AIGCC was well represented at COP26 with our CEO, Communications Manager, Chair, and several members attending in person. All were actively involved in speaking and attending events across the official blue zone and external venues. It was a great opportunity to see members in person after years of travel restrictions and pandemic disruptions.

Out of COP26, there were many welcome policy developments across the region that AIGCC and our members will be following up on in the coming months to ensure the implementation of these commitments and increased ambition continue to be advocated for.

In tandem, we have supported, and will continue to provide, local implementation guidance for members on the work of global collaborative investor programs through The Investor Agenda and Climate Action 100+. In the last year we have also helped co-launch the Net Zero Asset Managers (NZAM) initiative and the Paris Aligned Investment Initiative (PAII) to assist investors commit and act towards net zero emissions. These initiatives are important platforms for regional investors to work with their global peers and share their experience. Coupled with a wave of recent climate and energy policy developments in the region, the growing momentum among investors through these initiatives gives great hope for the transition to net zero ahead. While these initiatives provide investors and their companies with a guiding light to work towards, the real work of implementation needs to accelerate from all actors.

As the world continues to battle through the COVID-19 pandemic for another year, we are more certain than ever that our circumstances underscore the importance of ensuring a green and sustainable recovery to enhance the resilience of our livelihoods, communities, and economies through a just transition. Despite the pandemic disruption, investors have been a rallying call to act on climate risks with increased urgency.

AIGCC's Year in Review, our third edition, provides a summary of the work that we have undertaken over the course of 2021, across investor awareness, engagement, practice and policy advocacy in Asia.

In 2022, we will be releasing our next three-year organisational strategy. We will be working with investors and helping them work towards net zero with increased urgency, by providing roadmaps and frameworks to implement their climate action plans. We remain thankful for your invaluable support.

In the years to come, we will be focusing on how investors can scale up and mobilise the low- and net zero emissions opportunities that Asia is well positioned to benefit from. To meet our common climate challenge, rapid escalation in targets and action is needed from policymakers, investors, and corporates – whether they are at an early ESG adoption stage to demonstrating climate leadership. Nevertheless, we also recognise the importance of celebrating progress and milestones including those of so many of our members along the way.

The AIGCC team and we thank you for being with us over these five years. We hope that you will continue to engage with us regularly. We would like to thank the growing AIGCC team for their incredible work in this challenging past year. We would also like to express our gratitude to the Board of our sister network, the Investor Group on Climate Change (Australia/New Zealand) (IGCC), and the IGCC team for their ongoing support.

Rebecca Mikula-Wright,  
CEO

Sophia Cheng,  
Chair, AIGCC & Chief Investment Officer,  
Cathay Financial Holding Co





# ABOUT AIGCC

## ABOUT US

2021 marked the fifth anniversary of AIGCC's reestablishment.

AIGCC membership now comprises:

- Over 50 members with combined AUM over USD 35.8 trillion
- Members active across 11 Asian markets
- A secretariat of 14 staff based across six markets

AIGCC acts as a bridge between Asia and international collaborative investor initiatives like Climate Action 100+ and The Investor Agenda. Last year, we also helped co-launch the Net Zero Asset Managers (NZAM) initiative, Paris Aligned Investment Initiative (PAII), and launched a new program for AIGCC members, the Asian Utilities Engagement Program (AUPEP).

In AIGCC's five years of operation, we have released more than 30 reports helping investors gain insights on important topics. They include the scale of the energy investment opportunities that will emerge amid Asia's net zero transition, and the potential of China's national emissions trading scheme.

AIGCC is represented on the IGCC board with two positions, and we have formalised our advisory committee into a board committee to guide further development of the organisation. AIGCC has also successfully introduced membership fees, which will help the organisation become more financially independent and better connected with members.

## AIGCC GOALS

AIGCC aims to engage and cooperate with Asia-based institutional investors and the global investment community on climate risk, 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.

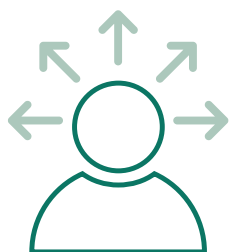
Projects the group undertake aim to assist in facilitating dialogue and engagement with other Asian investors, companies and governments in the transition to a net zero emissions global economy. Participating investors in the region include members and stakeholders from China, Japan, India, South Korea, Singapore, Hong Kong, Taiwan, Indonesia, Malaysia, Thailand, Philippines, Vietnam, and the Pacific.





# AIGCC STRATEGY

AIGCC's current three-year strategy focuses on three core pillars of activity that directs our work in the region:



**INVESTOR  
AWARENESS  
AND  
ENGAGEMENT**



**INVESTOR  
PRACTICE**



**POLICY  
ADVOCACY**

AIGCC believes that progress in these areas will contribute to the ultimate outcomes for Asia; increased investment in low carbon energy; accelerated portfolio decarbonisation; stronger domestic climate policies that align with the Paris Agreement goals, ultimately reaching net zero emissions economies by 2050.

A governance review was also undertaken during 2021 to sustain the growth of the secretariat team and activities, ensure the long-term financial sustainability of the organisation and to enable a greater presence and influence in the region. A dedicated AIGCC interim Advisory Committee was established to help guide this process that will run into early 2022. A new three-year strategy will be finalised in 2022 in partnership with members and relevant stakeholders.

## AIGCC IN THE MEDIA



We continue to strengthen our presence in local and international media to further drive our policy, company engagement and advocacy agendas. Across 2021, AIGCC earned over 340 unique mentions in top media outlets (as of December 2021), a threefold increase on 2020. Our media outreach was focused predominantly on major outlets and the financial press, including in non-English language outlets. We have continued to provide more translated materials to ensure AIGCC's voice is increasingly heard in local language media in key markets, such as China, Japan, Korea and beyond. Overall, AIGCC garnered more than 3,400 mentions worldwide in international media, thanks to our participation in key international programs, including Climate Action 100+ and The Investor Agenda. These mentions were generated by our direct engagement with key journalists, editors and producers, and our ongoing policy and advocacy work on behalf of members.



## A SNAPSHOT OF MEMBER ACTIVITIES IN 2021

Some highlights of our member participation events include:

- February to December 2021: Averaged over 80+ attendees at member meetings
- February 2021: Hosted a joint webinar session with IGCC on China Water Risks' Coastal Capital Threat Series to Avoid Atlantis
- March 2021: Launched two reports on net zero investment in Asia in: The first report, Out of the blocks: Net Zero Investment in Asia, provided a collective view of major Asian investors on factors driving their thinking and behaviour as they respond to climate change risks and pursue opportunities in the net zero transition. The second report, Asia's Net Zero Energy Investment Potential, assessed the required quantum of investment in Asia's energy supply to achieve net zero and the challenges and progress to-date.
- June 2021: The AIGCC Physical Risk and Resilience working group hosted Ceres, our network partner in the United States, for an Investor Water Toolkit Workshop for Asian investors.
- October 2021: Organised an ASEAN-focused member meeting, following the launch of our report on ASEAN energy market, Power of ASEAN: Accelerating the clean energy in Vietnam and Indonesia.
- October 2021: Developed a compendium of tools to help investors in Asia assess and manage potential climate risk exposures. As part of its launch, AIGCC organised a physical risks-focused workshop.
- December 2021: Launched the AIGCC Masterclass, which is part of a series of three, in support of AIGCC's investor practice program



## EVENTS

A key pillar of AIGCC's work is raising regional investor and corporate awareness on climate change through speaking at and supporting key regional events.

Our event support and appearances in 2021 included:



- AVPN: Looking Ahead – A Regional Perspective on COP26 (Northeast Asia)
- ChinaSIF Summer Conference (June) and Annual Event (December) (China)
- The Climate Group: Shifting Systems Roundtable Series – Asia Energy: Funding the phase out of coal session (regional)
- The Economist 6<sup>th</sup> Annual Sustainability Week (regional)
- FinanceAsia's Financing Climate Change virtual conference (regional)
- Financial Times' '2022 Global Market Outlook: Rebuilding and creating opportunities in a time of change' (regional)
- IETA COP26 Virtual Business Hub - Driving a Global Net Zero Future – The Asian Power Sector (regional)
- Japan Energy Transition Initiative's Online Seminar Series on Business, Finance and Climate Change (Japan)
- Japan Race to Zero Business Roundtable (Japan)
- P4G Global Summit 2021 (Korea)
- RI Japan 2021 by Responsible Investor Japan 2021 (Japan)

### The transition to sustainable investments

*“Investors increasingly understand that climate change poses systemic risk to their ability to create returns for their beneficiaries. Investors also want to seize the enormous investment opportunities that will be created in the transition to net zero. There are a range of approaches that investors can take to better position themselves to address climate risks and maximise these opportunities, which include working with companies they invest in to ensure they are transitioning their businesses to low carbon operations through direct engagement.”*

**Rebecca Mikula-Wright,**  
CEO, AIGCC





# STEPPING UP POLICY ENGAGEMENT

## INVESTORS PUSH FOR STRONGER CLIMATE CHANGE POLICIES

In the lead up to and during COP26 there was a positive step towards change in several Asian governments' climate policies including enhanced Nationally Determined Contributions (NDCs) under the Paris Agreement, as well as commitments to: carbon neutrality by 2050, stronger disclosure regimes, an end to financing unabated coal plants abroad, and processes to establish green taxonomies. There was stronger than expected climate policy and financing progress across several major Asian economies including Japan, South Korea, China, and India.

Investors have a vital role to play in advancing strong climate change policy and are becoming more active in debates across different Asian markets. Recognition is growing that it is important to mitigate portfolio exposure to climate change risk.

Over the last year AIGCC facilitated constructive engagement between investors and Asian policymakers through initiatives like the Global Investor Statement, input to regulators on sustainable finance and assisted members with messaging and research.

From 2020 to 2021 there was also a growing recognition that policy engagement is key to driving positive and collaborative engagement outcomes with companies. As a result, we saw direct policy engagement by several AIGCC members to help drive better outcomes through Climate Action 100+ and the Asian Utilities Engagement Program.

## COP26: WHAT IT ALL MEANS FOR ASIA

Following COP26, over 90 per cent of global GDP has now committed to achieve net zero emissions by or near mid-century, and most G20 countries committed to take more action to 2030 with some notable exceptions. During the two-week climate negotiations, other key commitments were made to reduce methane emissions, phase down coal, reduce deforestation and support global carbon markets. However, the focus must remain on policies which help halve global emissions by 2030 to remain Paris-aligned.

For many Asian markets, the discussion is now transitioning from ambition to implementation. Attracting private capital into green industries and infrastructure with strong domestic policy settings will be critical to achieving many countries' climate goals.

Importantly, COP26 saw a ratchet up in ambition on coal phase out and down across the region. This included new multilateral commitments and dedicated programs for early plant retirement, replicating capital markets' increasing shift away from funding coal projects. AIGCC calls on governments across Asia to commit to clear and strong 2030 climate policies that will unlock the capital needed to transition to a net zero economy by 2050.

Looking forward, AIGCC seeks to be an encouraging voice in similar debates, with emphasis on strong climate policies that will make Asian markets more competitive in global capital markets that are hungry for clean investment opportunities.



# UPDATES IN KEY MARKETS FOLLOWING COP26

## Highlight Asian announcements at COP26

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### U.S.-CHINA JOINT GLASGOW DECLARATION ON ENHANCING CLIMATE ACTION IN THE 2020S

The United States and China, the world's top emitters of greenhouse gases, agreed to boost cooperation on combating climate change over the next decade. The Declaration states "The United States and China recall their firm commitment to work together and with other Parties to strengthen implementation of the Paris Agreement." The two countries will cooperate on increasing the use of renewable energy, developing regulatory frameworks, and deploying and application of technologies such as CCS and direct air capture. This provided a major boost to the negotiations in the final week of COP26.

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### INDIA

Prime Minister Narendra Modi announced that India, one of the world's top emitters after China and the US, will aim to achieve net zero emissions by 2070. The 2030 goal to increase non-fossil fuels' share of electricity capacity to 40 per cent, up from 30 per cent, will also likely be exceeded if an announced more ambitious 2022 renewable energy target of 175GW is realised, which is very possible. Historically, India has exceeded its installed renewable energy capacity and is likely to cap coal power around 2024, which is earlier than expected.

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### SOUTH KOREA

President Moon officially released South Korea's updated NDC targets, committing to reduce the country's greenhouse gas emissions by at least 40 per cent by 2030 from their peak levels in 2018.

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### JAPAN

Following The Glasgow Climate Pact, which urges developed countries to double their collective amount of funding by 2025 to help developing countries adapt to the effects of climate change, Japan pledged an additional USD 2 billion per year for the next five years. In addition, it announced investment of USD 100 million into the transformation of fossil-fired plants into those based on ammonia and hydrogen.

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### CLIMATE INVESTMENT FUNDS

Climate Investment Funds (CIF), one of the world's largest multilateral funds, announced India, Indonesia, the Philippines, in addition to South Africa, will be the first countries to benefit from CIF's new Accelerating Coal Transition Investment Program. These four countries make up 15 per cent of coal power globally, thus the Program is expected to boost the global transition towards coal phase-out.



## Asian signatories to COP26 agreements

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Along with country-level announcements, we have seen many Asian nations taking part in and signing on to global agreements made on the side-lines of COP26.

Firstly, China, Japan, South Korea, and India signed the Statement on the Breakthrough Agenda, which affirmed the commitment of world leaders to work together towards the Paris Agreement goals.

Secondly, China, Japan, South Korea, Malaysia, Singapore, and Vietnam signed the Glasgow Leaders' Declaration on Forests and Land Use.

Additionally, Japan, the Philippines, Singapore, South Korea, and Vietnam joined the Global Methane Pledge. In the coal and fossil fuel sector, via the Global Coal to Clean Power Transition Statement led by the United Kingdom, Indonesia, South Korea, and Vietnam made new commitments to phase out coal power, a significant development for the region.





# ENHANCING INVESTOR PRACTICE

Our network of investor-led Working Groups forms an integral part of AIGCC. The Working Groups, first established in 2020, allow our members to actively participate in the setting of research and policy objectives for AIGCC, while at the same time growing expertise and knowledge in key areas of investor practice.

All Working Groups will report back to the full membership at least once a year on major activities and progress achieved. AIGCC recognises that participation in the Working Groups is voluntary on the part of individual members and are grateful for the insights and expertise provided.

## WORKING GROUPS

With the launch of the three Working Groups and our growing membership, AIGCC's investor practice program continues to grow. We have an engaged group of investors participating in each Working Group, and we are pleased to see the meetings act as additional forums for member collaboration and idea sharing. Capacity building was also a crucial element for the groups with multiple guest speakers, 'teach ins' and workshops conducted over the year. In addition, various projects and reports were launched throughout 2021, with inputs from the working groups, including the [Asian Utilities Engagement Program](#).

Our working groups meet quarterly and are currently made up of approximately 20 members. Work being carried out by each group includes:

### Paris-Aligned Investment

- Increasing the uptake of Investor Climate Action Plans (ICAPs) via case studies, identifying ICAPs pioneers and other opportunities
- Implementation of the Net Zero Investment Framework and contribution towards its further development
- Creating a forum to share updates from international initiatives and in turn solicit Asian feedback into relevant projects, including NZAMi, PAII, and The Investor Agenda
- Undertaking the third annual Net Zero Investment Survey

### Engagement & Policy

- Providing feedback on AIGCC's Asian Utilities Engagement Program, which was launched with 13 investors (USD 8.8 trillion) in June 2021, including on plans for expansion
- Planning and discussing further climate engagement with banks, with currently several AIGCC members participating in our European network partner, IIGCC's banks engagement program
- Capacity building on engagement and policy tactics
- Sharing updates on consultations and policy engagement

### Physical Risk & Resilience

- Producing a [compendium report](#) of physical risks tools and service providers for Asian investors in October 2021
- Assisting AIGCC to become a supporter and participant in the global Coalition for Climate Resilience
- Exploring future projects such as deep dives into specific climate hazards and engagements with corporates on physical risks



## AIGCC INVESTOR PRACTICE MASTERCLASS SERIES

In 2021, AIGCC launched an Investor Practice Masterclass Series, covering three areas: developing a climate policy and action plan, TCFD disclosures and corporate engagement.

The Investor Practice Masterclass Series is facilitated by AIGCC and Regnan, a responsible investment leader with a long and proud heritage in providing advice and insights on critical environmental, social and governance (ESG) matters. These masterclasses aim to help investor participants build an understanding of how to build a good climate plan, produce credible climate disclosures and enhance corporate engagement practice in a way that best suits the context of individual investor organisations.

Participation in these masterclasses is exclusive to AIGCC members. Conducted fully online via Zoom, the masterclass programme encourages an interactive participation between the facilitators and participants via live polls and breakout group discussions.

*Sample slide from the first session:*

**POLL: Identify and prioritise the material risks faced**

Which of the following present material climate risks to your portfolio? (Please nominate all that apply)

<input type="checkbox"/> Fossil fuel exposed portfolios	<input type="checkbox"/> Reputation/stakeholder risks
<input type="checkbox"/> Direct exposure to physical risks	<input type="checkbox"/> Regulatory risks impacting your investments
<input type="checkbox"/> Indirect exposure to physical risks	<input type="checkbox"/> Regulation governing your own practices
<input type="checkbox"/> Geopolitical/sovereign risk	<input type="checkbox"/> Changing consumer demand
<input type="checkbox"/> Systemic risk	

**Investor Climate Action Plans (ICAPs)**

- Self-assessment tool
- Accompanying guidance document of resources
- From beginners (tier 4) to net zero (tier 1)

Source: <https://theinvestoragenda.org/ICAPs/>

The inaugural masterclass took place on 10 December 2021, with over 50 participants in attendance. The session relied on the ICAPS framework as a guide, with focus on two pillars: investments and governance. AIGCC invited four speakers to share their climate journey from a practitioner's perspective. The speakers were:

- **Sophia Cheng** – CIO, Cathay Financial Holdings and AIGCC Chair
- **Seiji Kawazoe** – Senior Stewardship Officer, Sumitomo Mitsui Trust Asset Management and Steering Committee Member, Climate Action 100+
- **Michael Woolley** – Director, Sustainability, Eastspring Investments
- **Jaimee To** – Sustainable Investment Consultant – Asia Pacific, Mercer

The other two masterclasses are currently scheduled to take place in early 2022 and will build further on the ICAPs tools and framework.

## Paris Aligned Investment Initiative: Net Zero Investment Framework

The Net Zero Investment Framework is a practical blueprint enabling investors to decarbonise investment portfolios and increase investments in climate solutions, in a way that is consistent with and contributes to a 1.5°C-aligned net zero emissions future. AIGCC is the local implementation partner working with our global network partners on future iterations and asset class specific guidance. It is one of the recommended methodologies of the NZAMI.



## The launch of a holistic net zero investment tool

In March 2021, four investor networks (AIGCC, Ceres, IGCC, and IIGCC) published the Net Zero Investment Framework 1.0 (the Framework), a key tool to assist investors globally to implement net zero commitments and align with the Paris goals. The Framework provides the basis for a broad range of investors to make commitments to achieving net zero emissions and define strategies, set targets, measure alignment and transition portfolios. The Framework adopts an 'investment strategy'-led approach, supported by concrete targets set at the portfolio and asset level, combined with smart capital allocation, and engagement and advocacy activities.

## Strong investor uptake

The Framework, initially developed with 118 investors representing USD 34 trillion in assets, has been adopted and utilised broadly by market participants, including by a majority of signatories of the NZAMi and PAII Net Zero Asset Owners Commitment. Investor annual disclosures in the lead up to COP26 demonstrates that the Framework has quickly become the market leading blueprint to achieve portfolio alignment.

AIGCC is currently working with our partners on version 2.0 of the Framework, including providing approaches for alignment of two additional asset classes (infrastructure and private equity) as well as more guidance on target setting, Scope 3 emissions and use of carbon offsets. Implementation support to AIGCC members will be a focus throughout 2022.

*“Asset owners have different starting points across the ICAPs Ladder, but it is important to make a start by making transition plans and having clear targets. Implementing ICAPs is a work-in-progress.”*

**Jane Ho, Director,  
Investor Practice, AIGCC**







# AIGCC MAJOR PROJECTS

With an expanded team we were able to focus our work on several major projects in 2021. As we continued to engage our members, we found that members still set their sights on the practical implementation of climate issues and provided much appreciated enthusiasm and expertise to ensure AIGCC projects are relevant to investors in the region.

## CLIMATE CHANGE TRAINING FOR INVESTORS

The AIGCC Climate Change Training for Investors online course covers the fundamentals of climate change science and global commitments; financial impacts and regulatory risks; TCFD framework and reporting; and integration of climate risks and opportunities in investment strategies. A number of training access spots are complimentary to AIGCC members, while additional member and non-member access is available for a reasonable fee.

### Updates

- Each module takes 1 to 1.5 hrs to complete and can be part of CPD accreditation. Participants receive accreditation or a certificate of completion following a test for each module.
- Group training is available for organisational capacity building on the following topics: Climate-related Financial Impacts, TCFD reporting and Integration into Investment Strategies.
- New training modules on Corporate Engagement and Advanced TCFD on Applied Scenario Analysis will be available in Q1 2022.



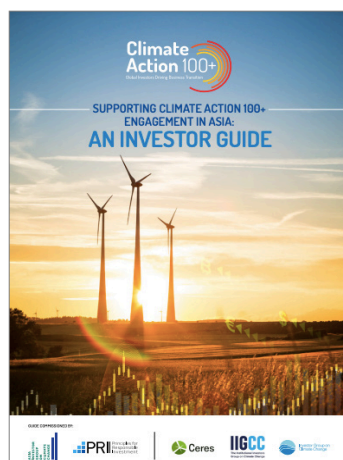
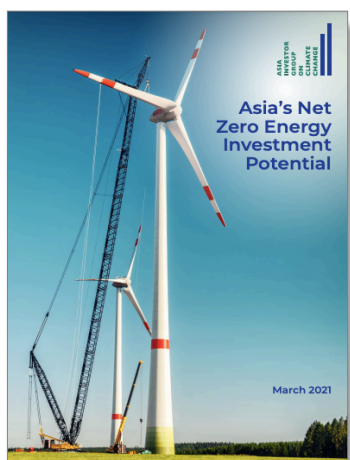
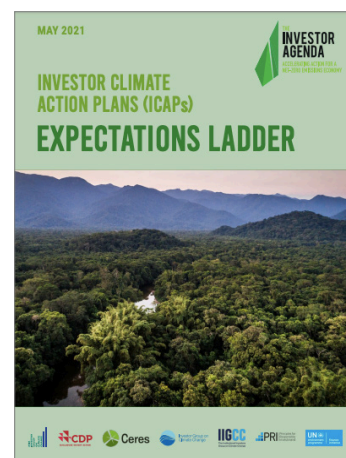
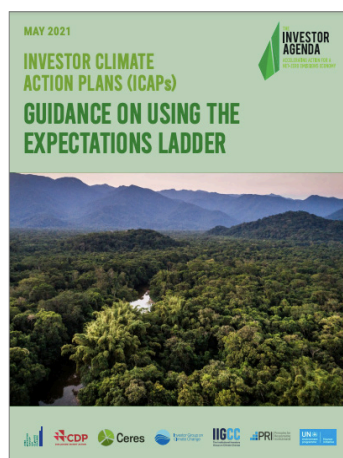
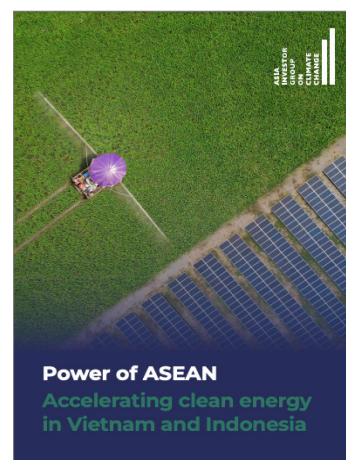
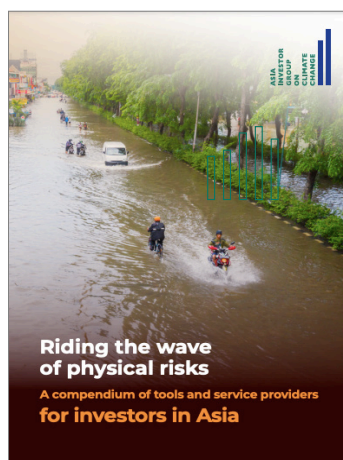
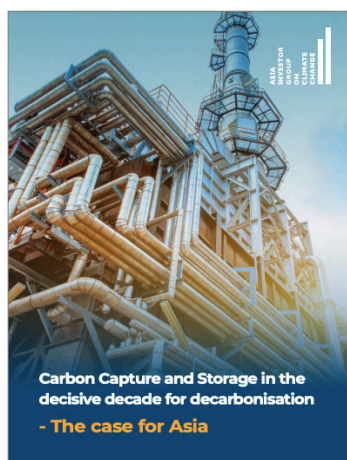
## ASIAN UTILITIES ENGAGEMENT PROGRAM

Investors and stewardship service providers are seeking to collaboratively engage with Asia's systematically important electric utilities on climate change to increase the effectiveness of their efforts with a common agenda.

The Asian Utilities Engagement Program complements and runs in parallel with the global [Climate Action 100+ initiative](#). Focus companies were chosen as they produce substantial greenhouse gas emissions, have large coal-fired power capacity, or have a strategic role in driving the net zero emissions transition. A total of five focus utilities were identified for engagement in the first year of the initiative, who collectively emitted a total of 285 million tonnes of carbon dioxide in 2019, equivalent to the national emissions of Spain.

The current focus companies include China Resources Power Holdings, CLP Holdings, Chubu Electric Power Co, J-POWER, and Tenaga Nasional Berhad. Engagements have been constructive, and we are encouraged to see two of the five focus companies, CLP Holdings and Tenaga Nasional Berhad, announce commitments to reaching net zero emissions by 2050 and CLP [commit](#) to phase out coal by 2040.

# 2021 PUBLICATIONS







# INTERNATIONAL COLLABORATIONS

## TRENDS AND DEVELOPMENTS IN 2021

2021 has seen significant momentum on Asian companies committing to net zero and incrementally providing detail on short- and medium-term targets to support their climate goals. This was in part due to increased engagement by investors and the growing worldwide desire for companies to demonstrate ambition in supporting the Paris climate goals to limit global warming to well below 2°C, aiming for 1.5°C, compared to pre-industrial levels.

Investor engagement initiatives are increasingly supported by tools and data analytics to support companies in developing their net zero transition plans. In view of the discussion about the technologies needed to be deployed for decarbonise, AIGCC launched its report [Carbon Capture and Storage in the decisive decade for decarbonisation](#) in December 2021 to evaluate the cost competitiveness of large-scale implementation of CCS in the power and steel sectors to further support investor engagement in these sectors.

The rise in the number of Asian investors engaging collaboratively or in parallel to engagements convened by AIGCC is a critically important component to ensure that conversations surrounding engagements are balanced, nuanced, and gain appropriate access to management level. To support investors in the region with their work, AIGCC launched the [Asia engagement guide in early 2021](#) and supported the development of the corporate engagement training model to be offered to AIGCC members and stakeholders.

## CLIMATE ACTION 100+ ACROSS ASIA



Launched in December 2017, Climate Action 100+ garnered immediate worldwide attention. Designed by investors for investors, the initiative aims to ensure the world's largest corporate greenhouse gas emitters take necessary action on climate change. To date, more than 615 investors, responsible for over USD 60 trillion in AUM, are engaging 167 companies on improving climate change governance, cutting emissions, and strengthening climate-related financial disclosures. The initiative is now supported by 39 Asian investors who participate in engagements through the AIGCC-Principles for Responsible Investment (PRI) Asia

Engagement Working Group, of which 16 are based in Japan, eight are based in China, and the rest are based in other key markets such as Hong Kong, India, Singapore, South Korea, and Taiwan.

## 2021 progress on Climate Action 100+ company engagements in Asia

### Oil & Gas



- CNOOC has committed to peaking emissions before 2030, achieving carbon neutrality before 2060 and pursuing onshore solar and wind farm projects to build 5GW of renewable energy by 2025. This is supported by a commitment towards 10 per cent of annual spending going to green energy by 2025, doubling from the previous 5 per cent commitment.
- ENEOS Holdings is expanding into low carbon business and shifting away from fossil fuels through an acquisition of Japan Renewable Energy.
- Formosa Petrochemical has committed at group level to achieve a 35 per cent reduction in emission by 2030 and carbon neutrality by 2050.
- PTT has revised its commitment to reduce 15 per cent of its GHG emissions by 2030 based on 2020 levels and achieve net zero by 2060. PTT has also committed to allocate 32 per cent of its capital expenditure to its “Future Energy and Beyond” business from 2021 to 2030.

### Power and Utilities



- KEPCO and its six subsidiaries have committed to carbon neutrality and a complete phase out of coal by 2050 following the development of national plans by the South Korean Presidential Committee on Carbon Neutrality.

### Steel



- POSCO has committed to achieving net zero emissions by 2050, with a focus on a hydrogen steel-making process, which is said to be able to reduce emissions by up to 80 per cent compared with conventional methods of production.
- China Steel, a Taiwanese steelmaker, has followed footsteps of their peers and announced via the national federation of industries to achieve carbon neutrality by 2050.
- All three steel companies (including Nippon Steel) have set net zero goals by 2050.

### Automotive



- Nissan Motors has set goals to achieve carbon neutrality across the company's operations and the life cycle of its products by 2050, investing USD 17.6 billion (JPY 2 trillion) over the next five years to speed up electrification of its products. The company also aims to have 100 per cent of all-new vehicle offerings in key markets to be electrified by the early 2030s, which will comprise a 50 per cent electrification mix by the end of the current decade. Nissan Motors was also the first Japanese automaker to sign on to the UN Race to Zero campaign and Business Ambition for 1.5°C commitment.
- Toyota Motors has committed to invest USD 70 billion (JPY 8 trillion) into a full line-up of battery-powered electric vehicles by 2030, and other electric vehicles including hybrid cars and fuel-cell electric vehicles. Toyota Motors also debuted the Toyota's Views on Climate Public Policies 2021, summarising the stance of Toyota's industry associations and Toyota towards key climate-related policies.
- Honda Motors has committed to carbon neutrality by 2050 and has asked main auto parts suppliers for an annual 4 per cent reduction of CO<sub>2</sub> versus 2019 levels to have parts suppliers also achieve net zero by 2050.

### Other industrials



- Hitachi included a 1.5°C scenario analysis in its 2021 sustainability report and the inclusion of Scope 3 emissions across the entire value chain in its carbon neutrality goal by 2050.



## AIGCC is leading Climate Action 100+ in Asia

The AIGCC-PRI Asia Engagement Working Group holds regular quarterly Asia-wide engagement meetings and bi-annual Japan engagement updates over the past year to update on progress and debrief on engagement strategies. Separate meetings with the Asia Advisory Group were also convened every other month to discuss market-specific strategies and more recently to gather views on the long-term strategy for Climate Action 100+.

These regular meetings put in place an ongoing tracking and monitoring mechanism to ensure that investors are adequately supported in their engagements with companies. Where collaborative strategies were identified to be constructive to overall engagement progress, these were co-ordinated by AIGCC with the support of investors. Some examples include:

- Investor engagement meetings with the Business Federation of Japan (Keidanren) to discuss the Climate Action 100+ Net Zero Company Benchmark, carbon pricing policy, energy policy and expectations on medium-term target setting
- A public statement with the support of investors representing USD 6.7 trillion of AUM to the South Korean Presidential Committee for Carbon Neutrality to call for alignment with the International Energy Agency's Net Zero Emissions by 2050 Scenario (IEA NZE 2050) and the indicative coal phase-out dates



- Development of an Asia engagement guide – an investor guide on how the Climate Action 100+ Net Zero Company Benchmark and Transition Pathway Initiative tools are complimentary for companies at an earlier stage of their transition. The guide is available in both English and Chinese

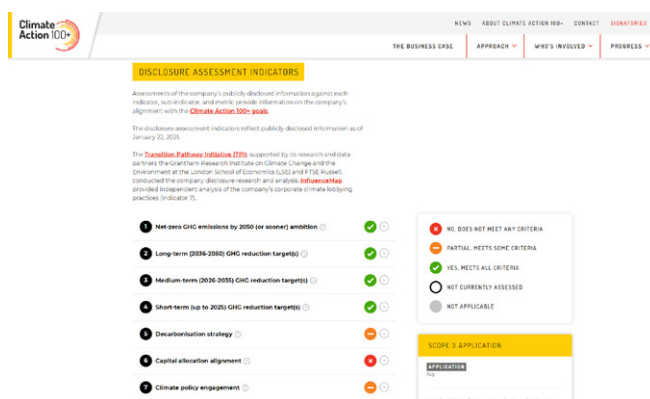
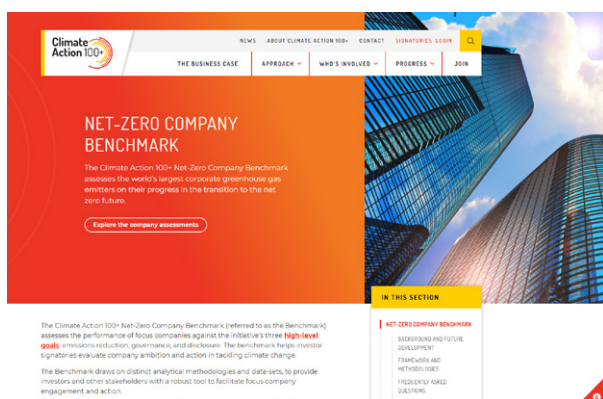


- Collaboration with the Climate Action 100+ Technical Advisory Group to share reports, data analytics and alignment assessments to further support company analysis and engagement programs

## AIGCC's support of Global Activity

AIGCC has continued to support global initiatives by rolling out the Climate Action 100+ Net Zero Company Benchmark and Global Sector Strategies in all Asian markets.

In the past year, companies were first assessed publicly with the Climate Action 100+ Net Zero Company Benchmark (Benchmark). Investor capacity building prior to the launch of Benchmark version 1.0 in March 2021 and ongoing communications with companies following the rollout was a critically important component to have Asian firms familiarise themselves with the expectations to meet expected climate goals. The framework and methodologies were also translated into Chinese, Japanese, and Korean to support companies in aligning their disclosures with the Assessment Framework.



The Global Sector Strategies was launched as a new workstream to accelerate sectoral decarbonisation. As companies globally and within Asia rapidly commit to net zero emissions, the delivery of these ambitions will require specific short- and medium-term actions to reduce emissions over the next decade to meet longer-term climate goals. Investor networks and signatories have mapped the transition through global sector papers for aviation, steel, food & beverage, and electric utilities. Investors were encouraged to reference sector-specific expectations outlined in the papers to enhance existing investor engagement conversations with companies and to support companies in developing net zero transition plans.



## Priorities for 2022

In the upcoming year, investors will see opportunities to further deepen engagements with companies, including better understanding decarbonisation strategies by companies to meet their pledged climate goals. Investors are also increasingly equipped to engage companies on topics such as corporate lobbying and capital allocation alignment. Increasingly, there will also be discussions convened on just transition to understand the nuances across different Asian markets.

While these issues vary on the level of priority across different markets, some engagements have seen an escalation on engagement tactics. Additional investor engagement on proxy voting practices were deemed relevant and is often referred to as a parallel strategy to ongoing private and direct engagements with the companies. There is also increasing interest in policy engagement pertaining to specific climate policies seen to be crucial to progress climate ambition and net zero transition plans for specific sectors.



## THE INVESTOR AGENDA

Launched in 2018, The Investor Agenda is a collaborative initiative that aims to accelerate the transition to a net-zero emissions global economy and limit global warming to 1.5°C. It was developed by seven founding partners: AIGCC, CDP, Ceres, IGCC, IIGCC, PRI, and the United Nations Environment Programme Finance Initiative (UNEP FI). The Investor Agenda is a common leadership agenda on the climate crisis that is unifying, comprehensive, and focused on accelerating investor action for a net zero emissions economy. It 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.

### The Investor Agenda's Policy Advocacy in Japan

Japan's current policies remain insufficient to meet its 2030 NDC goals. Together with other relevant founding partners of The Investor Agenda, AIGCC coordinated the development and delivery of policy engagement letters to the Japanese Government, which brought about enhanced awareness and policy developments on climate change among senior ranks of the Japanese Government.

The 2021 Global Investor Statement to Governments on the Climate Crisis was first opened for signing in March. The Statement was sent to each country's equivalent of the Ministry of Finance and Ministry of Environment.

In October, AIGCC, CDP, and PRI sent a Letter on Mandatory Corporate Climate-related Disclosure to the Commissioner of the Financial Services Agency of Japan, encouraging the country to lead others in implementing a high-quality mandatory disclosure policy regime. At the same time, AIGCC and other founding partners sent a Letter on the Strategic Energy Plan to Ministry of Energy, Trade and Industry insisting that the proposed plan fell short of helping Japan meet its carbon neutral goal for 2050. The letter urged the setting a clear policy signal to unlock the capital flow towards the net zero transition. With The Investor Agenda's policy advocacy plans for 2022 well advanced, AIGCC will continue engaging with the Japanese Government not only through policy advocacy and engagement letters but also via wider support networks of which global financial institutions are a significant part.

### Investor Climate Action Plans (ICAPs) Framework

The Investor Agenda ICAPs Framework was launched in May 2021. Two primary resources, the [Expectations Ladder](#) and [Guidance on Using the Expectations Ladder](#) were developed to provide investors with clear expectations for issuing and implementing comprehensive climate action plans, including steps investors can take to support the goal of a net zero economy by 2050 or sooner.

The ICAPs Guidance document helps stakeholders implement the ICAPs Expectation Ladder, which in turn summarises the key climate actions investors can take in four interlocking areas. These resources have since been translated into Japanese, Korean, and Simplified Chinese, which AIGCC plans to actively deploy as a tool to engage with stakeholders and investors across Asia.

The ICAPs also serve as a self-assessment tool to support investor climate action wherever they are in their climate journey. It is not a new mandatory framework, nor does it replace the TCFD or other disclosure or reporting mechanisms. To promote the adoption of ICAPs among AIGCC members, and by investor demand, the first of AIGCC's three half-day masterclasses series focused on 'Developing a Climate Policy and Action Plan'.

In 2022, AIGCC will continue to work with members on developing ICAPs through various other forums such as Working Groups and member meetings. We will also work with our global network partners to publish case studies and identify and champion pioneers who can act as regional leaders on climate action best practice.





## Global Investor Statement to Governments on the Climate Crisis

As part of The Investor Agenda's Policy Advocacy theme, the founding partners are advocating for governments to adopt climate change policies to be aligned with delivering a just transition to a net zero economy by 2050 or sooner.

The 2021 Global Investor Statement to Governments on the Climate Crisis was first opened for signing in March. In June, the Statement was sent to each country's equivalent of the Ministry of Finance and Ministry of Environment. The Statement gained more signatories after several rounds of recruitment, with the Investor Agenda's seven founding network partners then again distributed the Statement with a list of signatories to the governments where the network partners cover and engage in.

We were delighted to have received positive feedback from partners including UN High Level Climate Action Champions, Finance advisor for the UK presidency of the COP26 Mark Carney's team, the US Special Presidential Envoy for Climate, John Kerry's office and the Ministry of Finance in Japan.

The Statement closed in October with the support of a record 733 investors managing over USD 52 trillion in assets, represented around 50 per cent of global AUM. 25 investors were from Asia, and among them, nine were AIGCC member institutions. The Statement was again sent to heads of state just ahead of COP26 with the final number of signatories.

Today, more investors than ever before are embedding net zero goals and strategies into their portfolio decisions and taking more proactive climate action towards their portfolio companies and the governments in line with The Investor Agenda initiative.



## NEW INITIATIVES IN 2021

### Paris Aligned Investment Initiative

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The [Paris Aligned Investment Initiative](#) (PAII) is a collaborative, investor-led global forum enabling investors to align their portfolios and activities to the goals of the Paris Agreement.

As of March 2021, PAII grew into a global collaboration supported by four regional investor networks: AIGCC, Ceres, IGCC, and IIGCC.

PAII has three key areas of focus:

- Driving net zero investing commitments by asset managers through the Net Zero Asset Managers initiative (NZAMi) and by asset owners through the PAII Net Zero Asset Owner Commitment
- Supporting investors to implement commitments, using the PAII Net Zero Investment Framework
- Collaborating globally as the forum for the regional investor networks and the investment community to develop and support further practical approaches to enable Paris-aligned investing

### PAII Net Zero Asset Owner Commitment

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Over the course of 2021 and in the lead up to COP 26, momentum for the Paris Aligned Net Zero Asset Owners Initiative has been significant, with the global group [growing to 51 asset owner signatories](#) with USD 2.9 trillion in AUM as of November 2021.

Under the commitment, signatories will pursue an alignment of their portfolios with net zero emissions by 2050, including taking steps such as establishing nearer-term portfolio emissions goals and executing a comprehensive company engagement strategy. Combined with the NZIF, investors recognise the PAII as the practical best practice guidance and a toolkit for putting climate commitments into practice.

### Net Zero Asset Managers Initiative

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[NZAM](#) 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 global warming to 1.5°C; and to supporting investing aligned with reaching net zero by mid-century or sooner.

NZAMi launched in December 2020 and has seen strong uptake globally, with the COP26 wave of new signatories bringing the initiative to a total of 220, representing total AUM of over USD 57 trillion. The initiative's growth serves to normalise and mainstream the actions required for net zero alignment, contributing to a 'net zero tipping point', as half of all assets across the global asset management sector are now part of the initiative.

In addition, 43 signatories published initial target disclosures, with an average of 35 per cent of AUM subject to targets and being managed in line with net zero. AIGCC currently has eight member signatories and have been supporting them in their implementation of the NZIF and target setting through various workshops and one-to-one guidance. We have also supported multiple Asian non-members in their joining process as one of the supporting network partners.



## AIGCC MEMBER UPDATE

As part of the strategy and sustainable development of AIGCC, a governance review was undertaken during 2020, with an AIGCC member Advisory Committee established to oversee this work. The outcomes of this review included greater AIGCC representation on the IGCC (Australia and New Zealand) Board, the establishment of an AIGCC Board Committee in line with discussions with members and the introduction of membership fees from July 2021 to provide long-term financial sustainability to the organisation.

The AIGCC Board Committee is responsible for the ongoing oversight of AIGCC projects, activities, and membership. The current Committee is made up of the following members who transferred from the AIGCC Governance Committee:

- Sophia Cheng, Chief Investment Officer, Cathay Financial Holding Co
- Dan Chi Wong, Head of ESG Integration- APAC, Schroders
- Dr Pei Yuan Guo, Chairman and Founder, SynTao Green Finance (ChinaSIF)
- Masahiro Kato, Head of Responsible Investment, Mitsubishi UFJ Financial Group
- Helga Birgden, Region Head, Asia Pacific, Responsible Investment at Mercer LLC
- Mark Mills, Partner, Generation Investment Management.

Additional members were invited to nominate for the AIGCC Board Committee in November 2021. All AIGCC members were invited to submit nominations to stand for positions on the AIGCC Board Committee. We are delighted to announce two new AIGCC Board Committee members as result:

- Edris Boey, Head of ESG Research – Maitri Asset Management
- Felix Lam, Asia ex-Japan, Head of Investment Stewardship – JP Morgan Asset Management



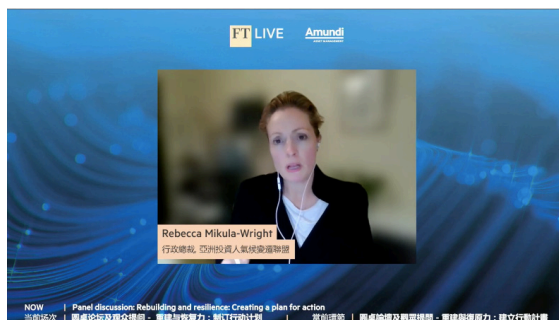
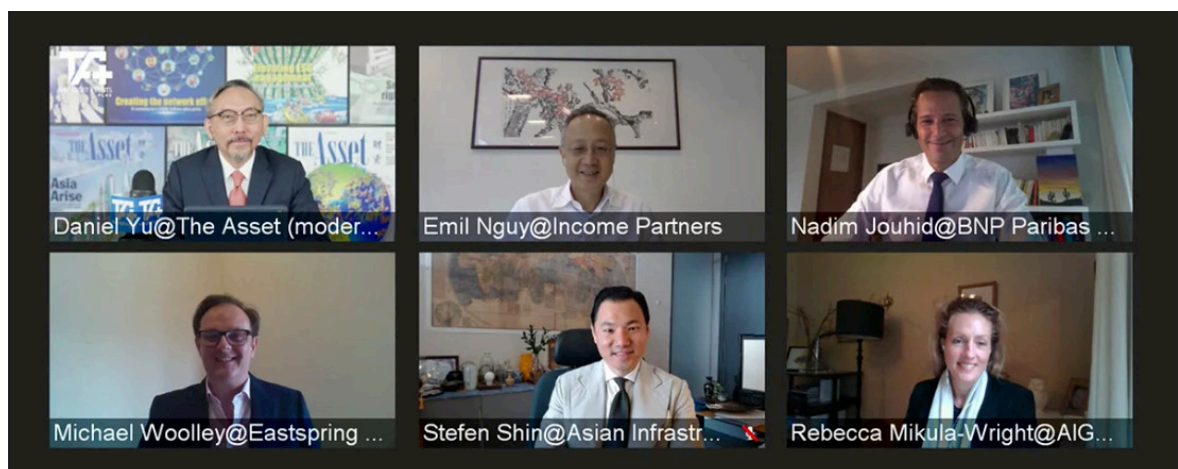
## AIGCC MEMBERS AS OF DECEMBER 2021



## COLLABORATING WITH OUR MEMBERS: EVENTS AND WEBINARS

AIGCC participated this year at numerous industry events across some of our key markets. AIGCC CEO Rebecca Mikula-Wright joined panels at prestigious events like The Asset and BNP ESG Panel, ICF Korea 2021, Carbon Trust – Route to Net Zero Asia Event, International Conference on Climate Finance and Industry 2021 (Korea), AVPN Northeast Asia Summit, Financial Times 2022 Global Market Outlook Event, Cathay's 5<sup>th</sup> Sustainable Finance & Climate Change Summit, China SIF Summer and Winter Summit and the HKEX Green Asia Summit (GAS) 2021.

Valerie Kwan, Director of Engagements for AIGCC, also participated in the HKCAMA Engagement Training and the 4<sup>th</sup> Annual Global Research Alliance for Sustainable Finance Investment Conference. AIGCC was an industry supporter to the Real Estate & Infrastructure Asia events this year. We also hosted the 2021 Global Investor Statement: Introduction to the Investor Actions Pack webinar along with our Investor Agenda partners.







# AIGCC GOVERNANCE & SECRETARIAT

## AIGCC BOARD COMMITTEE



**Sophia Cheng**  
Chair, AIGCC and Chief  
Investment Officer, Cathay  
Financial Holding Co.



**Dan Chi Wong**  
Vice Chair, AIGCC and  
Head of ESG Integration-  
APAC, Schrodgers



**Dr Pei Yuan Guo**  
Chairman and Founder,  
SynTao Green Finance  
(ChinaSIF)



**Masahiro Kato**  
Head of Responsible  
Investment, Mitsubishi UFJ  
Financial Group



**Helga Birgden**  
Region Head, Asia Pacific,  
Responsible Investment at  
Mercer LLC



**Mark Mills**  
Partner, Generation  
Investment Management



**Edris Boey**  
Head of ESG Research –  
Maitri Asset Management



**Felix Lam**  
Asia ex-Japan, Head of  
Investment Stewardship  
– JP Morgan Asset  
Management

## AIGCC TEAM



**Rebecca Mikula-Wright**  
CEO



**Tom Arup**  
Director, Strategic Projects,  
IGCC and AIGCC



**Valerie Kwan**  
Director, Engagements



**Jane Karen Ho**  
Director, Investor Practice



**Sashi Lata**  
Manager, Finance and  
Governance, IGCC and  
AIGCC



**Firdaus Anuar**  
Project Manager



**Joan Yap**  
Manager (Climate Change  
Training)



**Serena Li**  
Investor Practice Manager



**Tammie Kang**  
Communications Manager



**Cosmo Hui**  
Engagement Analyst



**Minjoo Kim**  
Policy Analyst



**Jayeta Gill**  
Team and Communications  
Coordinator





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INVESTOR  
GROUP  
ON  
CLIMATE  
CHANGE**

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