Media Release

14 July 2022

Investor-led engagement program in Asian electric utilities adds three new investor participants and two focus companies while progress updates published for existing companies

Investors engaging with companies from high emissions sectors will continue to push for greater ambition and action on climate change.

At its one-year mark, the investor-led Asian Utilities Engagement Program, coordinated by the Asia Investor Group on Climate Change (AIGCC), will be expanding to include two more focus companies – Huaneng Power International (China) and PT Perusahaan Listrik Negara (Persero) (PLN) (Indonesia), bringing the total to seven.

The Program also welcomes three new participating investors – Fullerton Fund Management, Nikko Asset Management, and UOB Asset Management, bringing the number of institutional investors and stewardship service providers to 16. The investor participants – all AIGCC members – are collectively responsible for $10 trillion in assets under management.

The Asian electric utilities covered by the Program have been dedicating increased resources to decarbonisation strategies, indicating promising early results from the program's engagement. For example, CLP has committed to phase out coal by 2040, while Tenaga Nasional Berhad announced aspiration to achieve net zero by 2050. The 2021-2022 Asian Utilities Engagement Program Progress Report released today discusses some of the key issues facing the Asian utilities sector and provides a high-level snapshot of the engagement progress to date with the initial focus companies.

In the coming year, the program will focus on implementation and a comprehensive approach to financing a just transition away from coal. Investors expect to see more of the focus companies' climate transition plans, including the setting out of credible decarbonisation pathways to meet short, medium- and long-term emissions reduction targets aligned with the Paris Agreement.

Background on the Asian Utilities Engagement Program

In June 2021, AIGCC launched the Asian Utilities Engagement Program with the support of 13 institutional investors and stewardship service providers. The Program, an investor-led initiative, was set up to engage Asia's systemically important electric utilities on cutting emissions across the value chain, strengthening climate-related financial disclosure and improving governance of climate-related risks that may affect companies.

Investors selected the seven focus companies because they produce substantial greenhouse gas emissions, have large coal-fired power capacity or have a strategic role in driving the net zero emissions transition. Investors engaging with these companies will continue to push for greater ambition and action on climate change.

Media Release

AIGCC Chief Executive Officer, Rebecca Mikula-Wright, said:

“Investor engagement with Asian electric utilities is playing a critical role in addressing climate risk, with the utilities sector contributing approximately 23 per cent of global greenhouse gas emissions.

“As expectations for accelerated climate action continue to increase, investors will continue to push for faster and more ambitious commitments in the coming year. The 2021-2022 Asian Utilities Engagement Program Progress Report has shown some encouraging reporting of this engagement progress with the initial focus companies. We now need to see ongoing, accelerated momentum from all companies on their decarbonisation pathways, and their efforts must now move to implementation of commitments.

“There is no conceivable path to mitigating climate risk without a rapid transition away from fossil fuels, so energy companies can expect close scrutiny from investors.

“The Program will continue to complement the current engagement efforts of Climate Action 100+ in Asia and assist investors to increase the effectiveness of their work with Asian utility companies to manage and mitigate climate risk.”

Further supporting quotes from participating investors:

Fullerton Fund Management Chief Investment Officer, Ken Goh, said:

“Decarbonising the Asian utility sector is essential for the region to transit to a low-carbon economy. Fullerton Fund Management views investment stewardship and collaborative partnerships as key to address this issue effectively.”

Nikko Asset Management President, Stefanie Drews, said:

“Climate change is one of the most urgent issues facing our world today. We are excited to join this effort with AIGCC and our peers and share best practices. Engaging with Asian utilities to help them assimilate net zero targets is in line with our fiduciary duty, and will help turn these long-term ambitions into tangible, measurable, solutions to be implemented in the best interest of our planet as well as our clients and investee companies.”

UOB Asset Management (UOBAM) Head of Sustainability Office, Victor Wong, said:

"As part of the Program, UOBAM and like-minded peers can work directly with companies to help raise their sustainability standards. We are here to create long-term value for these companies and to help them make a positive social and environmental impact.”

Read the 2021-2022 Asian Utilities Engagement Program Progress Update

---ENDS---

Media Release

Notes to editors:

- The 16 investors and stewardship service providers are AIGCC members, participating in the second year of the program are:

  - Amundi
  - BNP Paribas Asset Management
  - Cathay Financial Holdings
  - Eastspring Investments
  - EOS at Federated Hermes
  - Fidelity International
  - Fullerton Fund Management
  - GIC
  - Income Partners Asset Management
  - J.P. Morgan Asset Management
  - Maitri Asset Management
  - Manulife Investment Management
  - Nikko Asset Management
  - Resona Asset Management Co., Ltd.
  - Sumitomo Mitsui Trust Asset Management
  - UOB Asset Management

- Through a common agenda, these investors will collaboratively engage with seven utility companies:

  - China Resources Power Holdings (China)
  - CLP Holdings (Hong Kong)
  - Chubu Electric Power Co. (Japan)
  - Electric Power Development Co. (J-POWER) (Japan)
  - Huaneng Power (China)
  - PT Perusahaan Listrik Negara (Persero) (PLN) (Indonesia)
  - Tenaga Nasional Berhad (Malaysia)

- The program is coordinated by AIGCC and will complement and run in parallel with the global Climate Action 100+ initiative. Asian electric utility companies that are currently the focus of Climate Action 100+ were excluded from consideration.
- The joining statement from the three new participating investors can be found here. The 2021 launch statement can be found here.
- In December 2020, AIGCC released an investor guide for climate change engagement with Asian utilities, which can be found at the following in English, Simplified Chinese, Traditional Chinese, Japanese, and Korean.

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

About the Engagement Program and Investor Participation

The Asian Utilities Engagement Program does not facilitate or require collective decision-making regarding an investment decision. The initiative will not provide recommendations to investors to divest, vote in a particular way or make any other investment decision – investors continue to make their own independent investment and strategic decisions.