

Media Release



Corporate engagement a key tool to decarbonise portfolios – findings from fourth edition of AIGCC's Net Zero Investment Report

- A new report provides insights based on 17 sophisticated institutional investors in Asia, with USD 7.9 trillion AUM
- 87 per cent of investors surveyed are undertaking corporate engagement directly, either through a third-party provider or through Climate Action 100+ and the Asian Utilities Engagement Program.
- 73 per cent of surveyed investors have made net zero pledges through the Net Zero Asset Managers (NZAM) initiative.

9 December 2022 – Corporate engagement is a leading tool for investors to decarbonise their portfolios, [according to new survey data](#) in the Asia Investor Group on Climate Change (AIGCC)'s Net Zero Investment Report¹.

In 2022, results from the fourth edition of AIGCC's survey provide valuable insights on the climate investment practices of 17 sophisticated institutional investors in Asia who represent over USD 7.9 trillion in global assets under management.

Corporate Engagement

Collaborative investor initiatives, including [Climate Action 100+](#) and the [Asia Utilities Engagement Program](#) (AUEP)*, both facilitated by AIGCC, give investors access to best practices, tools and resources to help them deliver on their net zero commitments, and help investors develop a common agenda and shared objectives, including in climate policy engagements.

87 per cent of investors surveyed are **undertaking company engagement directly**, either through a third-party provider or through Climate Action 100+ and/or the AUEP.

Despite **investment stewardship and corporate engagement** being a preferred investment strategy among those surveyed, investors have yet to link their stewardship actions to net zero pledges and targets, as 53 per cent have not yet determined a baseline for engagement targets.

Climate Action Plans

The survey also asked investors for a progress report to ensure investor accountability against commitments and frameworks as global market expectations increase around the transition to net zero economies. We found that:

- The majority of surveyed investors recognise the need to publish a **public climate action plan** and 50 per cent have done so, with 29 per cent actively considering it.

¹ To assess investors' appetite, each year AIGCC surveys leading investors to gather their insights on how they are defining and investing in climate-aligned opportunities, and the barriers to increased investment they continue to face.

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AIGCC has worked with our global network peers to release [the Investor Climate Action Plans](#), a common framework with guidance and tools, to support investors to develop their own climate action plans.

- 80 per cent of respondents support **policy advocacy**, through investor-backed statements, letters, and calls for climate action.

Climate Metrics, Targets, and Measurement

Investors have stepped up in using a range of tools to align to net zero targets. Most respondents **(73 per cent) have made net zero pledges** through the [Net Zero Asset Managers \(NZAM\) initiative](#).

In previous iterations of the survey, investors reported a lack of tools and methodologies as the main barrier to investment. Now, investors are becoming increasingly sophisticated in their interpretation of available data and are **demanding more nuanced and granular data** at company and asset levels:

- The coverage of carbon measurement is often conducted internally, limiting the amount of **publicly available and comparable data** to ascertain the readiness of investors in Asia to implement their climate action plans and a transition to net zero.
- Investors have also reported **difficulties in obtaining Scope 3 emission data** and sometimes rely on estimates.

Broadening Climate Strategies

Leading investors in Asia are broadening the scope of their investments to consider **biodiversity and just transition**, ramping up activity to build capacity in this space.

This year, nearly half of the investors (44 per cent) have materially integrated **just transition** as part of their portfolio management and investment strategies, and nearly another half (44 per cent) are actively considering doing so.

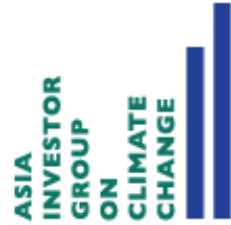
Investors recognise that nature-positive investments offer opportunities, and that nature loss poses a major risk to businesses, however this has yet to translate to action. Many respondents have not yet conducted an assessment or integrated response to **nature and biodiversity risks**, with 13 per cent indicating that they have done so.

Physical Risk & Resilience

Investors currently take an aspirational approach to **physical risk** assessment. 53 per cent of the survey respondents are actively considering undertaking an analysis. 6 per cent have already done so and assessed their portfolio as resilient.

[COP27 underlined the role of investors](#) to support the flow of private finance into adaptation and resilience projects, especially in Asian countries.

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Quotes from Rebecca Mikula-Wright, Chief Executive Officer, AIGCC

“There is an urgent need for a global transition to net zero and public and private investments have clear roles in supporting climate solutions.

“Investors can choose the right model of engagement for their region, but it’s crucial they continue to build on these efforts and accelerate the global transition to net zero.

“Investors in Asia aspire to reach net zero by 2050 in their portfolios, but these aspirations have not yet translated into action. 41 per cent of our survey respondents have not yet set a public net zero emissions target by 2050 or an interim target for 2025 or 2030.

“Asset owners should increasingly include targets for portfolio decarbonisation and investments in climate solutions when they negotiate mandates with their asset managers.

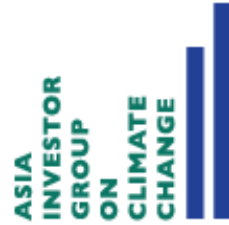
“Investors should support the flow of private finance into adaptation and resilience projects, but first they need to assess for physical climate risks to ensure resilience of their investment portfolios.”

The fourth edition of the Net Zero Investment Report contains selected case studies from BNP Paribas Asset Management, Dynam Capital, GIC, Invesco, and Sustainable Fitch.

[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 60 members from 11 markets and with over USD 39 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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