



Tuesday 6 September

Asia Investor Group on Climate Change (AIGCC) launch:

The \$7.7 trillion transition: major new report charts Asian climate finance

Tuesday 6 September, Singapore: To mark the launch of the new Asia Investor Group on Climate Change (AIGCC) today in Singapore, the group is releasing the most comprehensive analysis to date of climate finance sector activity in Asia.

The report – *Investing for the climate in Asia* - undertaken by Asia Research and Engagement (ARE), with the support of Australia and New Zealand Banking Group Limited (ANZ), reviewed the disclosure of leading domestic financial institutions across the Asia Pacific region to understand the state of the finance industry's response to climate change. This review included 36 banks, 30 investors, and 24 insurers.

It revealed a significant shift toward embedding climate risk and responsible investment into core business activities. However, much remains to be done, with financial regulators needing to take steps to help catalyse the shift to low carbon investment in order to reduce systemic risks and improve competitiveness.

“We know that between 2014 and 2035, USD 7.7 trillion is needed for renewable energy and energy efficiency to meet the demands of China, India, Japan, and South-East Asia if the world is to meet a 2°C warming target,” said Emma Herd, CEO of the Investor Group on Climate Change (IGCC).

“The finance sector has recognised this opportunity and is gearing up fast. While it's clear that progress is uneven and gaps remain, such as a need for greater focus on climate risk in investing, progress over the past two to three years has been remarkable. There's no doubt that a great transition is on.”

Analysis showed that 31% of the institutions factored climate change risks into their financing operations, with 61% of banks referring to green products and 56% providing some quantification of their exposure.

Over a quarter of banks referred to climate change factors as a reason to limit financing and 81% disclosed their policy on responsible lending.

The pace of this change is well illustrated by China. China's banks have led in taking

steps to restrict finance to industries with high-energy consumption, high pollution, and excess pollution. They also provided quantified information on financing for green activities, with regulatory support in the form of the 2012 Green Credit Guidelines from the China Banking Regulatory Commission (CBRC) and green bond standards from the People's Bank of China (PBOC) and the National Reform Development Committee, both launched in 2015.

However, across the 12 markets, the picture in terms of regulatory approaches is mixed. Currently five of the countries surveyed have banking initiatives, four have sustainability codes and five include sustainability disclosure within the listing rules of their stock exchange.

These are particularly important as Asian financial institutions have a relatively low representation in international initiatives to support sustainable finance.

Given the global shift in momentum to a low carbon future following the recent Paris Agreement, the AIGCC will play a unique role in driving climate-related finance and investment in the Asia region.

AIGCC's founding members include Cathay Financial Holdings, BlackRock, Armstrong Asset Management, AustralianSuper, Generation Investment Management, Brawn Capital, International Financial Corporation, as well as participant observing, Impax Asset Management.

The AIGCC is part of the Global Investor Collaboration on Climate Change (GIC), a collaboration of four regional investor groups focused on climate change, including IGCC (Australia and New Zealand), AIGCC (Asia), IIGCC (Europe) and Ceres INCR (North America).

Statements from AIGCC members and partners

"This is a landmark report that highlights the risks and opportunities associated with climate change for our customers and our business in the region. We know climate change is real and we're committed to playing our part by helping finance a transition to a low carbon economy."

Katharine Tapley, Head of Sustainable Finance Solutions at ANZ (acting).

It is great to see more attention to climate change in the investment community. Investors play an important role to shape a better world, and the AIGCC is critical to identify climate risks and seize opportunities. Cathay FHC has been contributing to helping carbon reduction through loans, investment and innovative insurance products. It is delighted to participate in these meaningful activities.

Sophia Cheng, CIO, Cathay Holdings

“The Paris Agreement clearly signaled to investors that the transition to a sustainable low carbon economy is underway and accelerating. Investors in all regions are now working collaboratively to mitigate carbon risks and grow new low carbon investments”.

Stephanie Pfeifer, CEO of the Institutional Investors Group on Climate Change (IIGCC).

‘The investment community has a major role to play in facilitating the flow of capital to a lower carbon economy and AIGCC will play a key role in the region informing and guiding investors on this path.’

David Li, Senior Portfolio Manager of Impax Asset management and AIGCC member.

“Many parts of Asia are at the frontline of the adverse impacts of climate change. The AIGCC is uniquely positioned by its focus and collective objective to highlight key challenges against, and create benchmark solutions for, scaling climate finance and investment throughout Asia.”

Andrew Affleck, Managing Partner of Armstrong Asset Management and AIGCC member.

“Today’s AIGCC report shines a light on the urgent need to ramp up clean energy investing globally, particularly in countries like India. We look forward to working collaboratively to help investors around the world shift trillions of dollars in investments to clean energy. It is a tremendous challenge and will only be achievable if we work together.”

Mindy Lubber, President of the US NGO Ceres and Director of the Investor Network on Climate Risk (INCR).

About the Asia Investor Group on Climate Change (AIGCC)

The Asia Investor Group on Climate Change (AIGCC) is an initiative to create awareness 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, including pension, sovereign wealth funds, insurance companies and fund managers, AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a greener economy.

Investors in the region are invited to participate in the group, including China, Japan, India, South Korea, Singapore, Hong Kong, Taiwan, Indonesia, Malaysia, Thailand, Philippines, Vietnam and the Pacific.

www.aigcc.net

About the Global Investor Coalition on Climate Change (GIC)

In December 2012, the four regional climate change investor groups, IIGCC (Europe), Ceres INCR (North America), IGCC (Australia & New Zealand) and AIGCC (Asia) formed the Global Investor Coalition on Climate Change (GIC). The coalition provides a global platform for dialogue between investors and governments on climate policy, facilitates corporate engagement on climate risk, and supports increased low carbon investment.

www.globalinvestorcoalition.org