



**AIGCC**

ASIA INVESTOR GROUP  
ON CLIMATE CHANGE

# **Assessment of National Adaptation Plans and Policies in Key Asian Markets using an Investor Lens**

**AIGCC's Physical Risk and Resilience  
Working Group**

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# INTRODUCTION

Globally, economies are already exposed to the mounting financial risks and implications brought by the increasing frequency and severity of extreme climate events. Economies in Asia are particularly prone to the effects of floods, extreme heat and sea level rise.<sup>1</sup> **Significant resources will be required to implement adaptation plans requiring strong partnerships and collaboration among governments, private enterprises and financiers.**

**Current policy signals and incentives however have not stimulated sufficient private capital investment into resilience and adaptation.** Governments will need to examine ways to unlock private finance and align finance flows towards adaptation, and to create enabling environments for investor participation. Furthermore, corporate action plans around adaptation are heavily dependent on government measures on adaptation and disaster risk reduction that directly determine the exposure and vulnerability of individual assets of companies to physical climate risks. **In developing adaptation strategies and initiatives, financial institutions will thus look towards governments for clear and comprehensive views of and action plans to address physical risks.**

AIGCC, as an investor network of over 70 asset managers and owners across 11 markets in Asia, has prioritised adaptation and resilience through a Physical Risk and Resilience Working Group<sup>2</sup> since 2021. The outputs from this working group have helped equip investors with the knowledge necessary to understand portfolio exposure to physical climate risks, to engage companies across Asia in the development of resilience plans, and to engage governments to coordinate adaptation and resilience financing approaches with companies and other stakeholders.

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<sup>1</sup> Intergovernmental Panel on Climate Change (2022). Sixth Assessment Report – Fact Sheet Asia: Climate Change Impacts and Risks. Retrieved from

[https://www.ipcc.ch/report/ar6/wg2/downloads/outreach/IPCC\\_AR6\\_WGII\\_FactSheet\\_Asia.pdf](https://www.ipcc.ch/report/ar6/wg2/downloads/outreach/IPCC_AR6_WGII_FactSheet_Asia.pdf)

<sup>2</sup> See more information on AIGCC's Physical Risk and Resilience Working Group:

[https://aigcc.net/working\\_group/physical-risk-resilience/](https://aigcc.net/working_group/physical-risk-resilience/)

# Investor Expectations Of National Adaptation Plans

Following peer-to-peer engagements and roundtable consultations, members of the Working Group articulated seven key investor expectations of the national adaptation planning process in 2022.<sup>3</sup>

Expectations include basing adaptation planning on scenario analysis and ensuring corporate disclosure on physical risks.

Drawing upon publicly available documents on adaptation planning at the national level (e.g., National Adaptation Plans or Adaptation Communications; climate impact assessment reports), **AIGCC conducted an analysis of adaptation planning alignment with 7 investor expectations and 12 sub-expectations across 9 markets in Asia (China, Hong Kong SAR, India, Indonesia, Japan, Korea, Malaysia, Singapore and Thailand)**. Each investor expectation is classified according to a ‘Green-Amber-Red’ matrix that reflects the level of progress and alignment of adaptation planning based on qualitative and objective assessments of indicators (e.g., the presence of an inter-ministerial or inter-agency coordinating body for adaptation planning).

[The assessment framework and market-level analysis are made available on an online dashboard.](#) (Contents of the dashboard will be updated following the release of new information or the announcement of policies on adaptation planning.)

We note the limitations of relying solely on publicly available documents for the assessment process which are not fully representative of planning processes nor able to fully capture actual implementation already undertaken. Our assessment process does not attempt to track the progress of adaptation planning at the sub-national level, but instead provides a snapshot of current planning considerations at the national level in alignment with the seven investor expectations.

## Key Findings

The analysis of adaptation planning across the nine markets reveals a mixed picture of alignment with investor expectations. A few key high-level findings from the analysis are outlined below:

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<sup>3</sup> AIGCC (2022). *Investor Expectations of National Adaptation Plans in Asia*. Available at: [https://www.aigcc.net/wp-content/uploads/2022/11/AIGCC\\_Investor-Asks\\_National-Adaptation-Plans\\_Final-07-Nov-2022.pdf](https://www.aigcc.net/wp-content/uploads/2022/11/AIGCC_Investor-Asks_National-Adaptation-Plans_Final-07-Nov-2022.pdf)

1. **Outlining a consistent, national view of physical climate risk:** Markets assessed have largely implemented an inter-ministerial or inter-agency coordinating body to lead on adaptation planning, emphasizing a ‘whole-of-government’ approach, but significant gaps persist around the availability and accessibility of climate risk information. Platforms such as VESTAP in Korea and A-PLAT in Japan have demonstrated the potential for governments to enhance transparency and accessibility of climate hazard and risk data. However, most other markets have yet to develop similar platforms and communicate physical risk and vulnerability assessments effectively at sectoral or subnational levels, preventing a comprehensive view of physical risks.
2. **Ensuring corporate disclosure on physical risks:** Implementation of mandatory climate risk disclosure aligned with international standards remains inconsistent across the region. Japan, Korea and China have announced the implementation of mandatory climate risk disclosure aligned with the IFRS/ISSB standard. However, mandatory implementation is expected only after 2026. Other markets such as Indonesia and Thailand have mandated climate risk disclosures without requiring alignments with international standards.
3. **Engagement with the private sector and financial institutions:** The extent to which private sector and financial institutions are engaged and their roles in adaptation planning outlined requires further clarity. While markets such as Malaysia and Thailand have established consultation platforms and outlined private sector roles, these measures are largely missing from plans across most other markets.
4. **Inclusion of action-oriented points on implementation and financing strategies:** Most markets have yet to establish or outline detailed action-oriented financing pathways and mechanisms to mobilise private capital in adaptation planning. Indonesia and China have begun to outline action plans to promote green bonds and private-public partnerships to fund adaptation projects but have yet to develop detailed financing roadmaps.

We aim for this analysis of adaptation planning alignments to serve as a reference for investors in examining the progress and direction of adaptation planning across jurisdictions, and as a starting point that can further accelerate investor engagement around adaptation finance and for governments to examine ways to integrate investor perspectives within the development of their national adaptation plans and policies.