

Asia Investor Group on Climate Change (AIGCC)

Policy Brief for COP29: Asian Investors
Leading on Climate Action, But Need Greater
Government Support to Accelerate the
Transition

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1. Introduction

The Asia Investor Group on Climate Change (AIGCC) represents a diverse range of institutional investors across Asia dedicated to promoting sustainable investment and driving climate action. As COP29 convenes in Baku, amidst a backdrop of escalating climate impacts and urgent calls for increased ambition, AIGCC presents this briefer to highlight the perspectives of investors active in Asian markets on climate finance.

Based on initial data from the AIGCC 2024 Net Zero Investor Survey, covering 52 firms, including several of the world's largest and most influential, managing roughly \$50.2 trillion across and invested in Asia, this briefer provides a comprehensive and up-to-date snapshot of how leading Asian investors are progressing on the net zero journey. Our aim is to inform policymakers and stakeholders about the actions being taken by investors, the challenges they face, and the crucial policy support needed to accelerate the transition to a low-carbon economy in Asia, a region particularly vulnerable to climate change yet critical for global decarbonisation efforts.

2. Key Findings

- Investors active in Asia are rapidly adopting climate policies and integrating climate risks into investment decisions by measuring financed emissions and disclosing climate-related information.
- Investors are increasingly investing in climate solutions in Asia, but face barriers such as data gaps, policy uncertainty and lack of policy support.
- Governments need to strengthen policy support to accelerate climate action, including mandating climate-related disclosures, incentivising climate solution investments by providing clear policy frameworks and de-risking investments in renewable energy sources, and providing clear transition pathways.
- In section 4, investors responded with their key priorities and the regulatory support they require from policy makers to unlock investment in resilience and climate solutions.

AIGCCs members call on governments and policymakers at COP29 to prioritise the recommendations outlined in this brief to create an enabling environment for sustainable investment and climate action in Asia.

3. Climate Action by Asian Investors

3.1 Investment Policies

Investors in Asia are demonstrating a strong commitment to climate action. Our survey reveals that 93% (all but three) of the participating investors have a policy on climate risks and opportunities, with the majority (61%) explicitly including fossil fuels in these policies while 73% have public or partly public net zero emissions targets.

3.2 Transparency and Disclosure

Nearly all investors (86%) undertake climate-related disclosure in line with international standards such as the International Sustainability Standards Board (ISSB) framework. While this demonstrates a commitment to transparency, governments' mandate to standardise climate-related disclosures for investor portfolio companies is needed.

3.3 Emissions Measurement

Nearly all surveyed investors have measured financed emissions across at least one asset class. Only 54% have measured emissions across their entire portfolio, with 31% making this public; this highlights the need for enhanced government requirements for emissions disclosure, particularly for Scope 3 emissions, to encourage companies to increase data availability and enable investors to achieve comprehensive portfolio-wide measurement and disclosure.

3.4 Physical Climate Risks

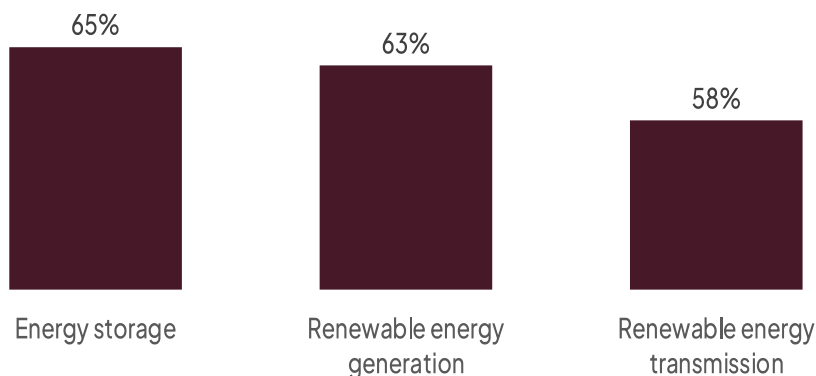
Investors recognise significant physical risks posed by climate change across Asia. While many investors have undertaken physical risk assessments, 17% indicated they have not yet taken any action to manage these risks. Policy support, such as providing access to climate risk data and developing

adaptation strategies with inclusion of financial institutions, is crucial to enable investors to effectively assess and manage physical climate risks.

3.5 Climate Solutions Investments

Investors view Asia as an increasingly attractive region for climate solution investments. 33% of investors offer discrete climate solutions products, 31% have a formal commitment to increase investments in climate solutions, and 21% have a public target to increase investments in climate solutions. Additionally, 35% of investors track their current level of investment in climate solutions.

The three most attractive areas for institutional investment:



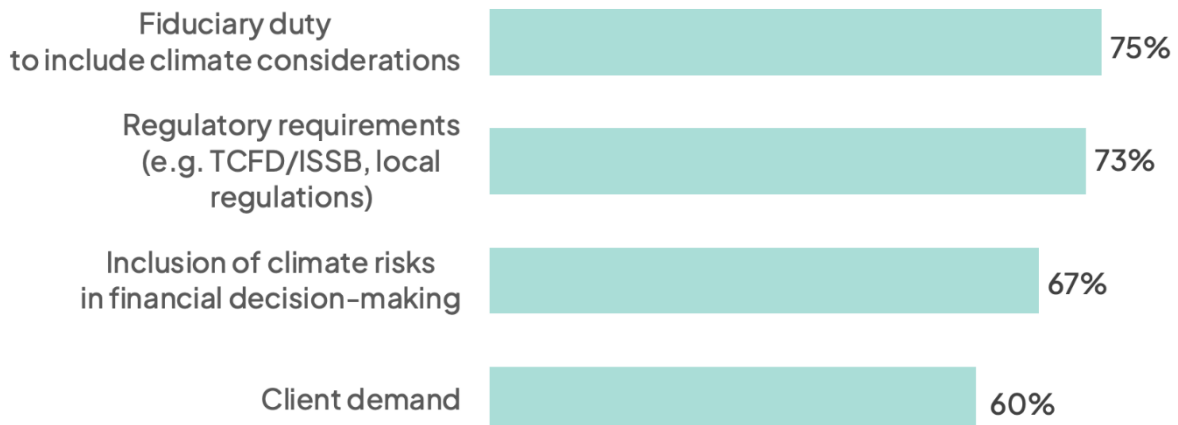
Question: What are the primary opportunities you want to gain exposure to in the near future as part of your climate solutions investment strategy?

Number of responses: 52 investors

As only 38% investors responded that they are currently investing in climate solutions/transition finance in emerging markets/developing economies, there remains a significant untapped potential for climate-aligned investments in several markets in Asia. Increased policy support is needed to unlock the full potential of climate solution investment in Asia by de-risking projects to attract private capital flows.

4. Drivers and Barriers to Investor Climate Action

4.1 Drivers of investor climate action



*Question: What have been the top drivers to consider climate considerations and net zero investing for your organisation?
Number of responses: 52 investors*

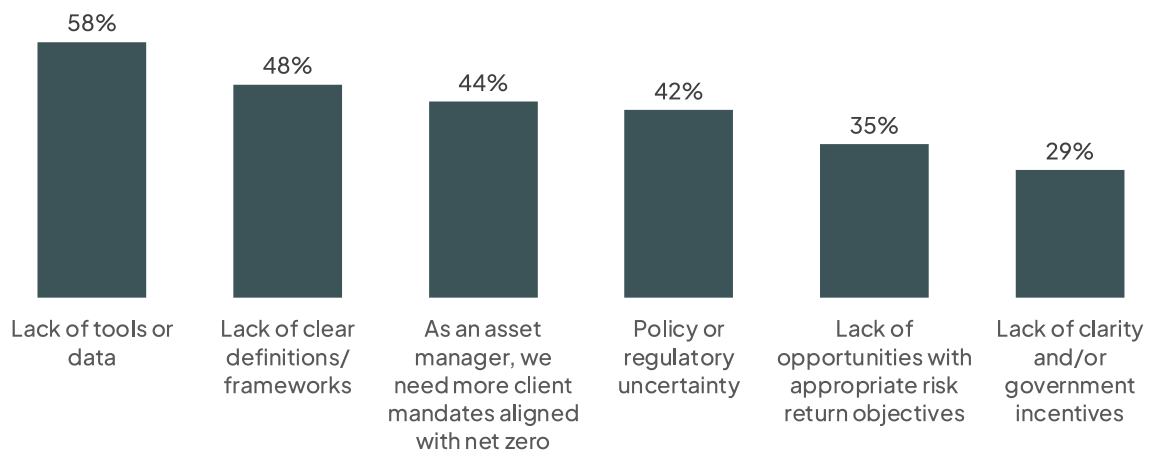
4.2 Barriers of investor climate action

Significant barriers to climate investing remain, as responses from investors indicated, including:

1. **Lack of data (58%)** - Particularly acute for climate-related data in emerging markets.
2. **Lack of clear definitions/frameworks (48%)** - The ambiguity around what can be classified as climate investing leads to greenwashing risks for investors.
3. **Insufficient client demand for net-zero aligned mandates (44%)** - Greater awareness and education are needed to increase demand for sustainable investment products.
4. **Policy or regulatory uncertainty (42%)** - Clarity and consistency in the policy environment for climate-aligned investment is not adequate.
5. **Lack of opportunities with appropriate risk-return profiles (35%)** - Highlighting the need for policies that de-risk investments and enhance the financial viability of climate solutions.

6. **Lack of clarity and/or government incentives (e.g. targeted subsidies etc) (29%)** - Stronger policy signals and financial incentives are needed to drive investment in climate solutions.

Top barriers to investor climate action



Question: What are the main barriers to climate solution investments/ climate aligned investments?

Number of responses: 52 investors

To manage policy uncertainty, investors are primarily:

1. Taking increased risk into account in their valuations (48% of investors)
2. Avoiding investment in controversial/risky sectors (44%)
3. Redirecting investments to other jurisdictions with less uncertainty (31%)
4. Identifying opportunities to de-risk investments in uncertain sectors or jurisdictions (e.g. blended finance) (21%)

Investor actions to deal with policy or regulatory uncertainty



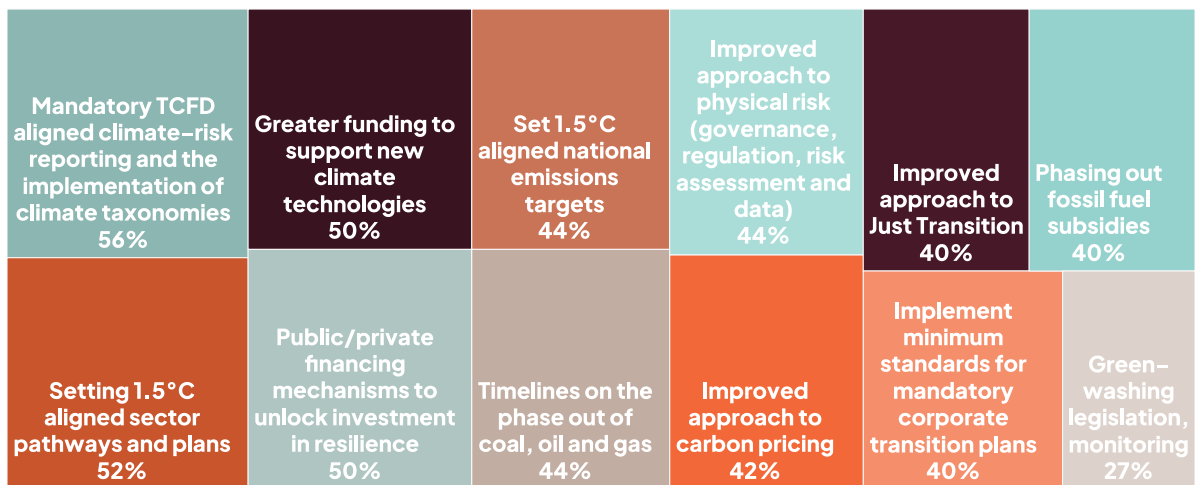
Question: How do you manage policy or regulatory uncertainty in investment and/or portfolio management decisions?

Number of responses: 52 investors

5. Investor key priorities for policy-makers

Investors identified the following as key climate-related priorities for national governments in Asia:

Key priorities for national governments in Asia



What do you think should be the key climate-related priorities of national governments in Asia?

Number of responses: 52 investors

- 1. Mandatory ISSB-aligned climate-risk reporting and the implementation of climate taxonomies (56%, 29 investors):** Mandatory disclosure will enhance transparency, improve risk management, and facilitate informed investment decisions. Governments should adopt legislation requiring companies to disclose climate-related information in line with the TCFD framework and develop clear definitions of sustainable activities through robust climate taxonomies.
- 2. Setting 1.5°C aligned sector pathways and plans (52%, 27 investors):** This will provide clear guidance for investors and enable them to align their portfolios with Paris Agreement goals. Governments should develop decarbonisation roadmaps for key sectors, outlining specific targets, policies, and timelines.
- 3. Greater funding to support new climate technologies (50%, 26 investors):** Accelerating innovation and deployment of climate technologies is crucial for achieving deep decarbonisation. Governments should increase funding for research and development, provide incentives for early adoption of new technologies, and support technology transfer to developing countries.
- 4. Public/private financing mechanisms to unlock investment in resilience (50%, 26 investors):** Innovative financing mechanisms are needed to mobilise private capital for climate adaptation and resilience projects. Governments can explore models such as green bonds, resilience bonds, and public-private partnerships to leverage private sector expertise and funding.
- 5. Set 1.5°C aligned national emissions targets (44%, 23 investors):** Ambitious national targets provide a critical framework for climate action and investment. Governments should strengthen their Nationally Determined Contributions (NDCs) to align with the Paris Agreement goals.
- 6. Timelines on the phase out of coal, oil and gas (44%, 23 investors):** A clear timeline for phasing out fossil fuels is essential for investors to manage transition risks and align their portfolios with a 1.5°C pathway. Governments should set ambitious targets for phasing out fossil fuel subsidies and transitioning to clean energy sources.

7. **Improved approach to physical risks (44%, 23 investors):** Governments need to enhance climate risk assessment and adaptation planning. This includes investing in climate-resilient infrastructure, developing early warning systems, and providing support for vulnerable communities.
8. **Improved approach to carbon pricing (42%, 22 investors):** Effective carbon pricing mechanisms are crucial for internalising the cost of emissions and driving decarbonisation. Governments should implement or strengthen carbon pricing initiatives, ensuring they are robust, predictable, and cover a wide range of sectors.
9. **Implement minimum standards for mandatory corporate transition plans (40%, 21 investors):** Requiring companies to develop and disclose credible transition plans will enhance transparency and accountability. Governments should establish clear guidelines and minimum standards for these plans, ensuring they include measurable targets, timelines, and strategies for managing climate risks and opportunities.
10. **Phasing out fossil fuel subsidies (40%, 21 investors):** Eliminating fossil fuel subsidies will create a level playing field for clean energy and accelerate the transition to a low-carbon economy. Governments should commit to phasing out these subsidies in a timely and equitable manner.
11. **Improved approach to Just Transition (40%, 21 investors):** Ensuring a just and equitable transition for workers and communities affected by the shift to a low-carbon economy is crucial. Governments should develop comprehensive Just Transition plans that include social protection measures, reskilling programs, and support for affected regions.
12. **Greenwashing legislation (27%, 14 investors):** Robust legislation is needed to combat greenwashing and maintain the integrity of sustainable finance. Governments should develop clear standards and regulations to prevent misleading claims and ensure transparency in sustainable investment products and practices.



6. Conclusion

Investors in Asia are at the forefront of climate action, demonstrating a clear commitment to aligning their portfolios with a net-zero future. However, to accelerate progress and ensure a just and equitable transition, stronger policy support and collaboration are essential. AIGCC calls on governments and policymakers at COP29 to prioritise the recommendations outlined in this brief to unlock the full potential of investment in driving climate action and building a sustainable future.

By working together, we can create an enabling environment for sustainable investment, accelerate the transition to a low-carbon economy, and build a resilient and prosperous future for Asia and the world.

About AIGCC



About the Research

This analysis is an extract from The Asia Investor Group on Climate Change's flagship research project "The State of Net Zero Investment in Asia", which will be released in full in Q1 2025. It will have deeper and more granular analysis of investment practices in the region, including management of physical risk, best practices on corporate and political engagement, fossil fuels, deforestation, and involvement in target-setting initiatives. The research design, data collection and analysis was done independently by AIGCC.

About 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 and a trusted forum for investors active in Asia to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy related to climate change.

With a strong international profile, the AIGCC network also engages with government pension and sovereign wealth funds, family offices, and endowments, AIGCC represents the Asian investor perspective in the evolving global discussions on climate change and the transition to a net zero emissions economy.