

# Asia Investor Group on Climate Change (AIGCC)

## South Korea – State of Investor Climate Transition 2025

A summary of climate progress by South Korea's most significant institutional investors, from AIGCC's State of Investor Climate Transition in Asia 2025 Report.

Published June 2025

 [info@aigcc.net](mailto:info@aigcc.net)

 [www.aigcc.net](http://www.aigcc.net)



## TABLE OF CONTENTS

Research Methodology Summary.....	3
South Korea Data Set:.....	3
Total Asia Data Set.....	3
Executive Summary .....	4
South Korea Context .....	5
Climate Governance.....	6
Climate Investment .....	7
Climate Corporate Engagement .....	9
Climate Disclosures.....	10
Climate Policy Advocacy.....	11
Takeaways.....	12
AIGCC's Ongoing Work in South Korea .....	12
About AIGCC .....	14

## Research Methodology Summary

### South Korea Data Set:

- 18 large and influential institutional investors<sup>1</sup>
  - 13 asset owners
  - 5 asset managers
- US \$2.1 trillion collective AUM (Approximately 2,898 trillion KRW)

### Total Asia Data Set

- 230 large and influential institutional investors<sup>2</sup>
  - 113 asset owners
  - 117 asset managers
- Median AUM US\$100 billion
- US \$100 trillion collective AUM (Approximately 136 quadrillion KRW)

AIGCC assessed investors against key pillars for investor climate action, drawn from the [Investor Climate Action Plans \(ICAPs\) Ladder](#):

- (1) Governance,
- (2) Investment,
- (3) Corporate Engagement,
- (4) Disclosure, and
- (5) Policy Advocacy.

Each of these five implementation areas are essential for preparing for, and accelerating, the transition to a low-carbon economy, to enhance portfolios resilience to mounting climate risks.

---

<sup>1</sup> Investors included in this review include the most significant (by AUM) and influential investors across the region. Investors were identified via lists including Willis Towers Watson's Thinking Ahead Institute The Asset Owner 100 – 2024; Thinking Ahead Institute 'The world's largest asset managers – 2024'; Caproasia 2022 Top 100 Asset Owners Ranking; SWFI Top 100 Largest Insurance Rankings by Total Assets; S&P Global Market Intelligence; local market figures taken from regional websites; <https://www.statista.com>; <https://www.asiaasset.com>; other domestic websites to ensure a balance of geographic diversity, with a focus on including larger AUM or influential investors across each market.

<sup>2</sup> As above.

## Executive Summary

Investors across Asia are increasingly acknowledging the financial materiality of climate change, and adopting policies and internal structures to manage the risks.

In South Korea, investor climate progress is particularly evident across climate governance and climate disclosures. Investors in the country are generally in-line with the Asia average across most key indicators of investor climate action. This is as expected for a developed market with a sophisticated financial sector.

However, South Korea's investment sector has not yet moved fast enough on climate change, especially on climate-aligned capital allocation, climate policy advocacy, and climate corporate engagement, to adequately transform portfolios and the broader economy to a sustainable, low carbon emissions future, in the best financial interests of investors.

The strong focus from some global regulators, and rapidly surfacing transition and physical risks across Asia mean the gap between institutional investor climate leaders and laggards is also growing.

The results herein demonstrate to investors, policymakers, and stakeholders the strides being made by the South Korean investment community in climate implementation, but also the significant obstacles and gaps that remain.

## South Korea Context

South Korea's economy is highly vulnerable to the impacts of climate change, with significant risks posed to agriculture, coastal areas, and overall economic stability.<sup>3</sup> Projections indicate that under a high-emissions scenario, South Korea could face severe consequences, including prolonged heatwaves lasting 1,563% longer, increased frequency of agricultural droughts, and rising sea levels that could cost the country \$60 billion. These challenges threaten to disrupt economic growth, with potential losses amounting to 3.73% of GDP by 2050. For South Korean investors, these risks could disrupt key industries and financial markets. This makes low-carbon policies and climate adaptation critical for long-term stability.

In response, South Korea is ramping up efforts to address climate risks while unlocking opportunities in its transition to a low-carbon economy. Institutional investors are increasingly aligning with evolving policies, including stricter emissions targets and green investment incentives, to mitigate risks and capitalise on emerging sectors. Landmark developments, such as the Constitutional Court's ruling on emissions targets and the establishment of the Climate Future Forum, signal stronger regulatory momentum. With the 11th Basic Energy Plan and upcoming 2035 NDC targets set to shape South Korea's energy landscape, investors will play a crucial role in financing the country's climate resilience and sustainable growth.

---

<sup>3</sup> Centro Euro-Mediterraneo sui Cambiamenti Climatici (n.d.) *G20 Climate Risk Atlas: Republic of Korea*. Available at: <https://www.g20climaterisks.org/republic-of-korea/> (Accessed: 7 February 2025).

## Climate Governance

Leading investors across Asia are embedding climate change into corporate governance and are systematically aligning the organisational processes and leadership with priorities for a low-carbon economy, providing clear processes and mechanisms to manage these highly material investment risks and opportunities.

South Korean investors are mostly in line with the Asian average in incorporating climate-risk considerations into governance structures and processes. For example, 67% of South Korean investors, representing US\$1.2 trillion in AUM, have integrated climate considerations into their investment policies, and 56% evidence some board level oversight of climate change. Asset managers are performing ahead of asset owners in all governance-related metrics, in South Korea and across broader markets in Asia.

Area of Practice: Governance	South Korea Investor Average	Overall Asia Investor Average	Overall Asset Owners	Overall Asset Managers	AIGCC Members Average
No. in sample	18 investors	230 investors	113 investors	117 investors	62 investors
Recognition of Climate Risks/Opportunities	78%	75%	59%	90%	100%
Policy on Climate Integration in Investments	67%	66%	51%	81%	95%
Board-Level Oversight of Climate Change	56%	63%	50%	77%	94%
Linking Incentives to Climate Performance	17%	23%	13%	32%	47%
Publication of Climate Transition Plan	23%	35%	20%	50%	37%

*Note: the percentages above represent the portion of investors who have either 'Achieved' OR 'Partly Achieved' the relevant criteria, therefore, the level of sophistication, comprehensiveness and effectiveness across metrics varies.*

Despite the significant progress made, the data above indicates that governance gaps remain for investors in South Korea, particularly with regards to linking executive remuneration to climate outcomes (17%), and the adoption of comprehensive investor transition plans (23%). Clear first mover advantages present to investors focused on managing and integrating increasing climate and nature-related exposures.

## Climate Investment

South Korean investors are setting climate targets and policies and increasingly investing in climate solutions and climate-aligned investments, to manage climate risks and foster value creation in portfolios. 34% of South Korean investors have now pledged to achieve net-zero portfolio emissions, and 28% of South Korean investors now have a target, or track investments in, climate solutions or transition finance.

Area of practice: Investment	South Korea Investor Average	Overall Asia Investor Average	Overall Asset Owners	Overall Asset Managers	AIGCC Members Average
No. in sample	18 investors	230 investors	113 investors	117 investors	62 investors
Net Zero Portfolio Emissions Commitment	34%	43%	34%	52%	75%
Interim Portfolio Emissions Reduction Target	22%	36%	25%	47%	71%
Signatory to Net Zero Investor Initiatives	22%	26%	11%	41%	55%
Climate Solutions Investments	28%	35%	34%	35%	56%
Asset Alignment Targets	6%	25%	11%	38%	55%
Policy on Fossil Fuels or High-Emitting Sectors	39%	43%	28%	58%	92%
Policy/Strategy on Deforestation	0%	21%	9%	32%	57%
Biodiversity or Nature Disclosures/ Strategy	28%	33%	22%	44%	66%

*Note: the percentages above represent the portion of investors who have either 'Achieved' OR 'Partly Achieved' the relevant criteria, therefore, the level of sophistication, comprehensiveness and effectiveness across metrics varies.*

Despite some areas of progress, climate-aligned investments and policies from many domestic institutional investors in South Korea still remain largely inadequate to drive improvements in global climate ambitions. Few investors have adopted deforestation or nature related policies, strategies or disclosures.

Few investors in South Korea have measured alignment at the asset level and set asset alignment targets. Through mandates, the commitment of asset owners on the climate transition strongly influences the asset allocation and stewardship efforts of asset

managers. In this regard, there is room for South Korean asset owners to lead asset managers with clearer climate asks.

Clear first mover advantages present to those investors focused on unlocking climate solutions investment and scaling up low-carbon solutions. Ultimately, aligning portfolios with a net zero pathway and appropriately managing nature and biodiversity risks will mitigate investor exposures to climate risks and set investors up to capitalise on the opportunities that present as the global economy transitions to a resilient, low carbon economy.



## Climate Corporate Engagement

Corporate Engagement remains an impactful lever for South Korean investors to drive Paris-aligned outcomes for portfolios. We saw that 17% of South Korean investors publish stewardship reports, indicating an increasing investor expectation to disclose climate corporate engagement related activities. Only 6% of South Korean investors have now published climate-related case studies on portfolio company engagements and outcomes, including which name the portfolio company subjects, which stands as an important mechanism to demonstrate the corporate stewardship actions being taken and leadership needed by institutional investors in the market to drive an effective transition.

Area of practice: Corporate Engagement	South Korea Investor Average	Overall Asia Investor Average	Overall Asset Owners	Overall Asset Managers	AIGCC Members Average
No. in sample	18 investors	230 investors	113 investors	117 investors	62 investors
Annual Stewardship/Engagement Report	17%	39%	27%	50%	66%
Case Studies on Engagement Outcomes	6%	30%	20%	37%	50%
Proxy Voting Guidelines Including Climate/Net Zero	11%	34%	16%	52%	73%
Involvement in Climate Engagement Initiatives	6%	36%	19%	52%	77%
Climate Engagement Target	6%	20%	7%	32%	44%

*Note: the percentages above represent the portion of investors who have either 'Achieved' OR 'Partly Achieved' the relevant criteria, therefore, the level of sophistication, comprehensiveness and effectiveness across metrics varies.*

Despite material action under several corporate engagement related metrics, significant opportunities remain. For example, by setting climate engagement targets, investors can prioritise stewardship with most material portfolio emitters, and asset owners can support the engagement activities of asset managers and enable the production of meaningful engagement outcomes. Investors in South Korea are showing increased emphasis on utilising active engagement strategies with portfolio companies to drive improved climate outcomes, reducing portfolio risks while enhancing long-term value creation for shareholders.

## Climate Disclosures

Annual investor climate disclosures are increasingly common across South Korea. Investors see comprehensive climate disclosures as important to appropriately represent and manage the financial risks of climate change. The results show that half of South Korean investors (50%), have now published their climate-related disclosures. This compares to 54% of investors across Asia, which reflected a 6% increase on last year. The results also show that 44% of South Korean investors have disclosed results of portfolio physical risk assessments, though actions to build resilience and adaptation to climate risks appear to remain nascent in the market.

Area of practice: Disclosure	South Korea Investor Average	Overall Asia Investor Average	Overall Asset Owners	Overall Asset Managers	AIGCC Members Average
No. in sample	18 investors	230 investors	113 investors	117 investors	62 investors
Portfolio Emissions Disclosure	33%	37%	26%	47%	71%
Publication of Advanced Scenario Analysis	28%	44%	28%	59%	88%
Publication of ISSB/TCFD-related Disclosures	50%	54%	39%	69%	87%
Disclosure of Physical Risks/Adaptation Actions	44%	43%	28%	58%	74%

*Note: the percentages above represent the portion of investors who have either 'Achieved' OR 'Partly Achieved' the relevant criteria, therefore, the level of sophistication, comprehensiveness and effectiveness across metrics varies.*

The quality and nature of climate disclosures across the areas above varies greatly from investor to investor. Measuring and disclosing portfolio carbon emissions is an important level of disclosure for investors, particularly asset owners, but not enough asset owners across Asia, including those in South Korea, yet do this. Conducting and integrating scenario analysis is also gaining traction from a relatively low base (28%). Investors have a continuing interest in improving climate-related risk management and disclosure, to ensure stakeholders are informed of material risks and to inform investor decision making and active ownership.

## Climate Policy Advocacy

Global investors are seeing the benefits of collaborative and open dialogue with policymakers to drive a supportive policy and regulatory environment for climate aligned investment. Many investors now view climate policy advocacy as an extension of investor responsibilities to deliver the best outcomes for their beneficiaries. However, the research shows that investors remain slow to disclose policy engagement actions.

Area of practice: Policy Advocacy	South Korea Investor Average	Overall Asia Investor Average	Overall Asset Owners	Overall Asset Managers	AIGCC Members Average
No. in sample	18 investors	230 investors	113 investors	117 investors	62 investors
Advocacy for Climate Policy/Regulation	0%	25%	14%	35%	67%
Transparency of Climate Policy Advocacy Activities	0%	7%	5%	10%	19%
Support for Collective Climate Policy Positions	0%	23%	8%	38%	61%

*Note: the percentages above represent the portion of investors who have either 'Achieved' OR 'Partly Achieved' the relevant criteria, therefore, the level of sophistication, comprehensiveness and effectiveness across metrics varies.*

As evident above, we were unable to identify any South Korean investors have yet referenced involvement in climate policy advocacy, nor do investors disclose climate-aligned policy advocacy activities. This is an area where AIGCC looks forward to supporting domestic investors with further support, guidance and government engagement opportunities. AIGCC's [Policy Advocacy Working Group](#) and [Korea Working Group](#) will provide platforms for this ongoing work.

## Takeaways

*Leading investors across Asia are making climate strides, laggards not yet taking meaningful action*

South Korea's institutional investors are making progress as the global economy transitions to net-zero. Leading investors globally are now demonstrating advanced and detailed climate implementation across portfolios, but a large portion of investors in South Korea do not yet demonstrate sufficient progress across the key areas required to appropriately manage climate risks and opportunities.

## AIGCC's Ongoing Work in South Korea

AIGCC looks forward to supporting investors across South Korea to deepen their understanding and implementation of key areas of climate strategies integral to portfolio management.

We run a [South Korea-focussed working group](#), and publish [South Korea specific](#) briefings, news, analysis, and thought leadership on a regular basis.

See here the full AIGCC [State of Investor Climate Transition in Asia Report 2025](#). For further details or for enquiries about AIGCC, please contact [info@aigcc.net](mailto:info@aigcc.net).

## Disclaimer

The information contained in this report is meant for information only and indicative only. It is not intended to be investment, legal, tax or other advice, nor is it intended to be relied upon in making an investment or other decision. Except where expressly stated otherwise, the opinions, recommendations, findings, interpretations and conclusions expressed in this report are those of AIGCC and do not represent members of Asia Investor Group on Climate Change.

While we have endeavoured to ensure that the information contained in this report has been obtained from reliable and up-to-date sources, the changing nature of statistics, laws, rules and regulations may result in delays, omissions or inaccuracies in information contained in this report. AIGCC are not responsible for any errors or omissions, for any decision made or action taken based on information contained in this report or for any loss or damage arising from or caused by such decision or action. All information in this report is provided 'as is' with no guarantee of completeness, accuracy or timeliness, or of the results obtained from the use of this information, and without warranty of any kind, expressed or implied.

## About AIGCC



## About AIGCC

The Asia Investor Group on Climate Change (AIGCC) is an organisation that creates awareness and supports action among Asia's asset owners and financial institutions about the risks and opportunities associated with climate change and low carbon investing.

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

AIGCC provides capacity building and a leading forum for investors active in Asia to share best practice on climate-investment activity, risk management, engagement and policy related to climate change.