PRI PRINCIPLES FOR RESPONSIBLE INVESTMENT



ASSET OWNER PERSPECTIVES ON CLIMATE INVESTMENT & COP31

A synthesis of interviews with long-term institutional investors

November 2026

Contents

Executive summary 4

Climate risk and long-term portfolio value 6

Capital deployment: where activity is occurring 7

Emerging markets and developing economies 9

Policy conditions for long-term capital 11

COP31 advocacy priorities: an asset owner call to action 13

Making asset owner engagement at COP useful 15

Recommended next steps 16

Conclusion 16

Disclaimer

This document is provided for information only. It should not be construed as advice, nor relied upon. PRI Association is not responsible for any decision or action taken based on this document or for any loss or damage arising from such decision or action. All information is provided "as-is" with no guarantee of completeness, accuracy or timeliness and without warranty of any kind, expressed or implied. PRI Association is not responsible for and does not endorse third-party content, websites or resources included or referenced herein. The inclusion of examples or case studies does not constitute an endorsement by PRI Association or PRI signatories. Except where stated otherwise, the opinions, recommendations and findings expressed are those of PRI Association alone and do not necessarily represent the views of the contributors or PRI signatories (individually or as a whole). It should not be inferred that any third party referenced endorses or agrees with the contents hereof. PRI Association is committed to compliance with all applicable laws and does not seek, require or endorse individual or collective decision-making or action that is not in compliance with those laws.

This paper summarises feedback provided by 21 asset owner signatories. While the policy recommendations herein have been developed to be globally applicable, the PRI recognises that the way in which policy reforms are implemented may vary by jurisdiction and according to local circumstances. Similarly, the PRI recognises that there may be circumstances where there are merits to allowing market-led initiatives to precede regulatory requirements.

Copyright © PRI Association 2026. All rights reserved. This content may not be reproduced, or used for any other purpose, without the prior written consent of PRI Association.

About the PRI

The Principles for Responsible Investment (PRI) is the world's catalyst of responsible investment. Supported by the United Nations, it works to understand the investment implications of sustainability and governance-related factors, and to support its international network of signatories in incorporating these factors into their investment and ownership decisions. The PRI acts in the long-term interests of its signatories, of the financial markets and economies in which they operate and ultimately of the environment and society as a whole.

The six Principles for Responsible Investment are a voluntary and aspirational set of investment principles that offer a menu of possible actions for incorporating sustainability and governance-related issues into investment practice. The Principles were developed by investors, for investors. In implementing them, signatories contribute to developing a more sustainable global financial system. For more information, visit www.unpri.org.

About this report

This report synthesises asset owner perspectives on assessing climate-related risk, deploying capital and engaging with policy. It is based on 21 interviews with a diverse range of asset owners and acts as a summary for participants and a practical basis for engagement for COP31 and future COPs.

Escalating physical risks and an uneven transition are prompting asset owners to reassess how climate considerations are reflected in investment strategy. As the policy environment becomes increasingly material to long-term investment, COP31 provides an opportunity to bring practical investor evidence into public-policy processes and to identify how the PRI can better support credible climate and transition investment.

All findings are presented on a non-attributable basis. The report distinguishes broad areas of convergence from views that were more specific to particular markets or institutions.

The PRI would like to thank all interviewed organisations and individuals for their contribution, including AP2, Australian Retirement Trust, AustralianSuper, Aware Super, CalSTRS, CBUS Super, Church of England Pensions Board, China Pacific Insurance (Group) Co., Ltd., Daiichi Life Insurance Co., Ltd., Government Employees Pension Fund (GEPF), HESTA, La Caisse, Legal & General, Nippon Life, New Zealand Superannuation Fund, PensionDanmark, UPP, Wespath, and Mr.Jinsuk Choi.

Executive summary

Based on 21 asset owner interviews, this report outlines how long-term investors are assessing climate risk, where investable opportunities are emerging and what must change in order to unlock more institutional capital to support climate mitigation, transition and resilience. It concludes with a concise list of engagement priorities to inform asset owner engagement at COP31 and beyond.

The key conclusion is that while capital is available, climate-investment is constrained by a shortage of investable projects supported by durable policy, institutional capacity, enabling infrastructure, dependable revenues and appropriate risk allocation.

How are asset owners assessing climate risk?

Recognising that climate change is a system-level risk that cannot be diversified away, asset owners are integrating climate considerations into investment practice – in some cases, moving beyond portfolio emissions towards forward-looking analysis of resilience, credible company transition plans and real-economy outcomes.

Asset owners cautioned that transition aligned portfolios may not automatically contribute to wider economy decarbonisation if the strategy relies on reallocation. Diversified portfolios may retain exposure to emissions-intensive companies during the transition, with decarbonisation being realised through market-wide behavioural change, making stewardship, company capital expenditure and public policy engagement important alongside portfolio construction.

Where are asset owners investing?

Infrastructure and private markets currently offer the clearest opportunities for climate investment, including renewable power, electricity networks, storage, energy efficiency, low-carbon buildings, transition finance, private credit and enabling technologies. Investors also identified opportunities in green and transition bonds, forestry, critical minerals, geothermal, advanced nuclear and green steel. Private markets can offer stronger governance rights and clearer links between capital and outcomes.

Adaptation and nature remain less mature as identifiable investment opportunities because project pipelines, valuation methods and revenue models are currently underdeveloped. This does not mean adaptation investment is absent: resilience expenditure already occurs within corporate capital budgets, but it is not consistently identified or measured, and often protects value through avoided losses rather than generating separate revenues.

What is preventing capital from moving faster?

Climate and transition projects must compete on risk-adjusted return, scale, duration, governance and diversification benefits. However, investors cite slow approvals and grid connections, missing infrastructure, short or uncertain revenue arrangements, policy reversals, limited project-development capacity and a shortage of proven teams as barriers to capital mobilisation. Investment can be further constrained by existing mandates, benchmarks and asset-class structures which may not naturally accommodate climate investment opportunities. In some competitive pension systems, liquidity requirements, member switching, performance tests and benchmark-relative incentives may make it harder for individual institutions to act on long-term system-wide risks.

Specialist capability, investment-team ownership, remuneration links and flexible allocation approaches can help institutions pilot, partner and scale climate investment and access complex or emerging opportunities. Mobilisation may also be supported by changes to portfolio construction, alongside reliable project supply and public risk-sharing.

Emerging markets and developing economies will be central to the net-zero transition, however, investors currently face several barriers to investment in these regions. Currency, political, regulatory, governance and off-taker risks – in addition to limited internal capacity, small transaction sizes and a shortage of well-prepared projects – make investment challenging.

Blended finance alone will not be sufficient to support investment in emerging markets. Investors also need credible local partners, clear ownership and consent arrangements, investable national transition plans, usable taxonomies and appropriate governance rights. Public and concessional capital is most useful when it

addresses a specific barrier preventing an otherwise credible investment from attracting private capital; it should not be used to compensate for poor project fundamentals, weak governance or risks that private investors are equipped to manage.

Across markets, policy credibility is an investment condition. Long-term targets need to be translated into investable national and sector pathways, near-term milestones, enabling infrastructure, efficient approvals and dependable demand. Policies must also address affordability, workforce transition and regional development if they are to retain public support over the life of long-term investments.

What does this mean for COP31?

For COP31, the central message is straightforward: substantial institutional capital could be deployed to climate investment, but mobilisation requires government and investor action.

Governments should turn commitments into investable delivery plans, create functioning markets, improve project pipelines and use public finance where it changes outcomes.

Investors should contribute practical evidence, strengthen internal capability, review mandate and benchmark constraints, and be candid about the risks they can manage and the limits of private action.

COP31 should serve as a milestone in a continuing programme of country, sector and policy engagement, rather than as a substitute for the year-round work required to create investable conditions.

Climate risk and long-term portfolio value

From broad recognition to financial integration

Participants reported treating the transition as an economy-wide shift that should be viewed alongside economic, industrial and security strategy. They see climate change as a major long-term investment theme and, for diversified owners, a system-level risk that cannot be managed through security selection or diversification. Physical risk, transition risk, energy security, industrial competitiveness, affordability, defence, national resilience, AI-related electricity demand and policy fragmentation are increasingly being considered together. Recent floods, wildfires, heat and infrastructure disruption were cited as evidence that once-rare events are occurring more frequently with material impacts for a range of stakeholders.

The increase in extreme weather events is driving real-assets investors to undertake more detailed assessment of sea-level rise, flooding, bushfires, higher temperatures and operational disruption across property, infrastructure, solar parks and onshore and offshore wind assets. Capabilities differ. Some investors can now translate selected physical risks into estimated financial losses, compare portfolio climate value at risk with benchmarks, or use scenario analysis across the whole portfolio. Others use these assessments primarily to screen for exposures requiring deeper investigation. One participant described applying a common physical-risk dataset across listed and unlisted portfolios, using indicators such as structural damage and lost operating days, then combining the results with investment-team judgement and company engagement to inform investment decisions.

A recurring caution was that long-term models are highly sensitive to assumptions, often emphasise median outcomes rather than tail risks and can create false precision. Several participants also stressed that adaptation and resilience frequently create value through avoided losses rather than distinct revenue streams. This means that policy standards and investment-committee consideration is especially important.

Four practical shifts in investment practice

1. **From aggregate emissions to real-economy transition:** selling high-emitting assets may improve reported portfolio metrics without reducing real-world emissions. Recognising this, investors are increasingly assessing whether companies have credible transition plans, governance, capital expenditure and pathways consistent with long-term decarbonisation. One participant stressed that remaining diversified necessarily entails continued exposure to emissions-intensive companies and that portfolio emissions targets should assume reductions driven principally by transition in the wider economy rather than through reallocating away from those companies.
   Participants also cautioned that replacing financed-emissions targets with a single portfolio-alignment metric could reproduce the same problem if portfolios appear aligned while the real economy is not. An approach that focuses on real-economy transition places greater weight on active ownership, company capital expenditure, system coordination and public-policy engagement.
2. **From inherent risk to residual resilience:** knowing that an asset is exposed is not enough. Investors want to understand the protections, adaptation measures, insurance, management capability and holding period that determine the residual risk.
3. **From climate teams to investment integration:** the strongest practice embeds climate knowledge across asset-class teams, due diligence, manager oversight, portfolio construction and remuneration, rather than treating it as a separate specialist area. This combines specialist internal capability with investment-team ownership and the ability to pilot, partner and scale.
   To make the most of climate investment opportunities, mandates, benchmarks and portfolio construction need scrutiny: indices reflect today's economy, some markets have negligible weights and transition opportunities can fall between conventional infrastructure, private-equity and private-credit categories. More projects and public de-risking will not resolve these constraints.
4. **From asset-level analysis to systems thinking:** participants recognise that an apparently attractive asset can contribute to wider economic damage that flows back across a diversified portfolio. Methods for incorporating these system effects into investment decisions remain underdeveloped.

What is evident is that climate integration now requires strategic asset allocation, scenario analysis and stewardship informed by a clear institutional view of how the transition may unfold across regions and sectors. Disciplined analysis of plausible pathways is essential to distinguish durable opportunities in a multi-speed transition from investments that depend on a single orderly-transition scenario.

Capital deployment: where activity is occurring

Established and emerging opportunities

The clearest opportunities are in infrastructure and other private-market strategies, including renewable generation, electricity networks, battery storage, microgrids, energy efficiency, low-carbon buildings, transition finance, private credit and enabling businesses. Participants also cited green and outcome bonds, sustainable infrastructure, forestry, green steel and small allocations to emerging technologies such as geothermal, advanced nuclear and energy-efficiency solutions.

Opportunity sets are evolving: traditional renewable assets have become more challenging in some markets, while electricity networks, transition-enabling critical minerals and selected data-centre investments supported by credible renewable power arrangements are attracting interest.

Other emerging investment opportunities include batteries, which were highlighted for their ability to improve the efficiency of existing grids, while microgrids can provide local generation for rapidly growing loads and reduce pressure on constrained central networks. To make projects viable, asset owners highlighted that planning must connect technology demand with generation, grids, storage, gas, renewable power agreements, water requirements and community impacts, rather than assessing each in isolation.

Property-related examples included investments in green retrofits, rooftop solar, water efficiency and resilience measures that can reduce operating costs, improve continuity of service and support occupancy. Several investors also described opportunities in transition assets that are not yet green, but have credible decarbonisation plans and commercially viable capital programmes.

Private markets can provide stronger governance rights, clearer linkage between capital and outcomes, and greater flexibility than benchmark-constrained public-market mandates. Participants cited alternative-credit and blended structures – including debt-for-nature transactions, sustainability bonds and carbon-market-linked projects – as evidence that mainstream institutions can invest where financial risks are clearly structured and non-financial risks are allocated to parties able to manage them.

These transactions are complex and require specialist teams, early pilots and accumulated institutional knowledge; a recurring scaling model was to pilot, partner and then expand. Several participants emphasised the value of partnering with external managers that combine regional knowledge, development capability, established supply chains and long-term asset management, supported by sufficient internal expertise to assess and co-invest alongside them.

One renewable-platform example illustrated the value of combining a diversified operating base, an experienced team and board, a trusted manager and a credible development pipeline acquired without paying a premium for uncertain future growth . This created scope for repeatable deployment and incremental returns as projects reached financial close, while limiting exposure to over-optimistic pipeline assumptions.

Some asset owners are also building dedicated climate-finance capability while integrating climate across the whole fund. Total-portfolio or flexible allocation approaches can move capital across venture, growth, buyout and debt strategies, accommodate opportunities that sit between conventional asset-class categories and manage inevitable trade-offs at portfolio rather than deal level. In public markets, stewardship, manager selection, green and transition bonds, and more credible corporate disclosure remain important.

Mobilisation should not be measured only by asset-owner allocations. The capital expenditure of portfolio companies is a second and potentially larger channel. Understanding what is stopping high-emitting portfolio companies from investing in their own transition can reveal policy, technology, infrastructure or coordination barriers. Investors can respond through stewardship and policy engagement, even where they do not provide the project capital directly.

Why capital is not moving faster

Projects must compete on risk-adjusted return, scale, duration, governance and diversification benefits; a climate label does not lower the hurdle.

Current barriers to asset owner investment in climate opportunities are outlined below:

- In highly competitive retirement systems, member flows, performance tests and benchmark-relative risk can constrain allocations to lower-return or unfamiliar strategies, even where the institution has strong internal expertise and recognises system-wide benefits.

- Long development periods, permitting delays, grid connections and uncertain revenue arrangements impose a material opportunity cost. Participants cited approval processes extending for many years, fragmented responsibilities across levels of government and uncertainty about whether projects would ultimately proceed as potential deterrents to investing. Large renewable projects may require contracts for difference, power purchase agreements or comparable safeguards to provide dependable long-term revenues. Recent offshore-wind experience also shows that higher costs, weaker profitability and low local acceptance can stall projects even where investor appetite and policy ambition are present.
- Investors need proven teams and track records, while newer technologies and markets often lack both.
- Policy and infrastructure frequently move at different speeds. Investing in a technology without building the supporting networks, skills, supply chains or demand can leave assets stranded or uneconomic. Political restrictions, subsidy changes and higher development costs have also weakened the economics of some renewable projects. Participants reported that policy reversals in major markets can affect individual assets directly and increase concern that similar changes may occur elsewhere, undermining confidence in future returns even where the long-term transition case remains intact.
- Revenue depth and tenor matter. In some electricity markets, a limited pool of credible off-takers and short contract terms leave wind, solar and storage projects exposed to volatile market prices. Rapid deployment can also compress expected returns. For example, electricity storage may support more stable supply, but high levels of storage across the network may reduce the peak-price events from which such projects would previously have profited.
- Internal bandwidth matters. Even interested organisations may lack specialist staff, market relationships or the capacity to complete due diligence on smaller and unfamiliar opportunities. Across governments, municipalities, developers and investors, insufficient capacity can be a constraint on investment even where finance is available.

In some competitive retirement systems, institutions may recognise system-wide risks yet face incentives that favour relative performance and liquidity over long-term benefits. Commercial incentives such as platform competition, member switching and outflows can make it harder for pension funds to act purely as universal owners, despite substantial capacity to act. Policy proposals should therefore distinguish between the system-wide role of large asset owners and the commercial constraints facing each institution.

Adaptation and nature remain less investable

Although participants recognise physical risks are increasing, barriers to investment in adaptation often relate to a lack of project-development and limited public capacity, rather than financing challenges. Adaptation was also characterised by asset owners as a necessary risk-reduction mechanism rather than a standalone asset class: resilience measures may add cost and protect future value without creating an obvious revenue stream.

Local and national authorities need to identify exposures, set priorities, develop projects and incorporate resilience into building codes, infrastructure standards and national adaptation plans in order to make adaptation investable. While some adaptation expenditure is already occurring within corporate balance sheets – for example, to protect infrastructure or transport and utility assets – it is not consistently identified as adaptation finance. Classifying and measuring the resilience component of ordinary capital expenditure and maintenance would help to identify existing investment and unmet needs.

Nature-positive investment remains earlier-stage. Barriers include small ticket sizes, uncertain property rights, weak or inconsistent markets for environmental value, difficulty measuring outcomes and a shortage of scalable assets with predictable cash flows.

Emerging markets and developing economies

Participants recognised that emerging markets and developing economies (EMDEs) are central to the global transition, but noted that strategic importance does not automatically create an investable proposition. Most of the interviewed asset owners have limited allocations outside listed markets, particularly where they lack local expertise, trusted partners or the ability to deploy capital at scale.

Some investors are investing successfully in emerging markets and achieving commercially attractive returns. The challenge is not an absence of viable opportunities, but the delays, frictions and additional costs that prevent successful approaches from being replicated quickly and at scale.

For other asset owners, emerging-market exposure remains relatively small, reflecting the complexity of pricing market-specific risks alongside risks in unfamiliar investment areas. Participants stressed the importance of trusted managers with a permanent local presence and deep relationships who can provide the necessary market knowledge, governance and execution capability.

Benchmark construction can reinforce limited exposure; where the relevant unlisted index assigns very little weight to emerging-market assets, investors may be hesitant to deviate from the benchmark and risk comparative underperformance.

Emerging-market asset owners stressed that development, energy access and climate objectives must be considered together and highlighted that engagement and credible transition pathways may be more effective than blanket exclusions where economies remain dependent on high-emitting resources.

Recurring barriers

The barriers to investing in EMDEs fall into two overlapping categories. Structural barriers include:

- weak project preparation, permitting, market infrastructure and governance;
- currency, political, regulatory, off-taker and sovereign risk, including the potentially large cost of converting local-currency project revenues into predictable hard-currency returns;
- insufficient transmission and distribution capacity, even where renewable resources and project developers are available;
- small transactions relative to the cost of due diligence;
- returns that do not compensate for the additional risk, including markets where low electricity prices weaken project economics;
- uncertainty around rights, controls and alignment with local partners, including unclear interpretation of Indigenous ownership, participation and free, prior and informed consent.

Information barriers limit investors' ability to assess risk and return confidently, distinguish among countries and sectors, and avoid treating emerging and developing economies as a single investment category. They can also relate to limited internal capability and established relationships.

What would improve investability?

The practical priority is to identify the key risk preventing investment in each country or project and allocate it to the party best able to manage it, rather than defaulting to a generic call for blended finance. Multilateral development banks (MDBs) and development finance institutions (DFIs) can help to allocate risks to relevant parties, as well as standardising or aggregating opportunities and addressing market-system constraints such as long-term currency conversion.

Asset owners supported targeted use of guarantees, credit enhancement, first-loss capital, project aggregation and preparation facilities. Public or concessional capital should address a clearly identified risk or market gap rather than subsidising investments that are already commercial, or compensating for poor project fundamentals, weak governance or risks that private investors are equipped to manage.

Participants argued that catalytic structures should not default to project-level debt: in some markets, higher-risk equity for capable developer consortiums with local knowledge and proven delivery records may be more effective.

Participants distinguished between transactions that genuinely require concessional support and those – such as some private-debt strategies – that may scale through experienced managers once investors have better data, track records and confidence in local policy settings.

Capacity building was repeatedly identified as essential. Governments, municipalities, regulators, project sponsors and local financial institutions need support to develop credible pipelines, procurement processes, climate-risk assessments, electricity grids and bankable projects.

Practical country and sector partnerships, bringing together domestic institutions, international investors, industry and government, were seen as a promising route to deployment. Investable national transition plans, interoperable taxonomies, credible partners and clear approaches to Indigenous rights and consent can also materially improve investor confidence.

Policy conditions for long-term capital

The most consistent message was a call for **policy predictability, not policy perfection**. Investors can manage change, uncertainty and commercial risk; they struggle to price repeated reversals, contradictory signals and implementation gaps.

Participants emphasised that policy credibility is an investment condition: long-duration unlisted investments require a policy environment that remains coherent long enough for the investment thesis to play out; abrupt changes can reprice assets and make investors wary across markets.

Common, interoperable standards also matter. Limited governance capacity is wasted when investors have to navigate competing frameworks rather than apply consistent measurement and disclosure approaches. Participants highlighted climate taxonomies as useful bridges between national priorities and investor decision-making, provided there is sufficient equivalence across jurisdictions. One participant also argued that strategic asset allocation would benefit from credible internationally recognised climate benchmarks that asset owners and fund sponsors could use consistently.

A practical policy package

- **Durable direction and milestones.** Translate long-term targets and nationally determined contributions into credible, investable sector pathways, phased standards and near-term actions that can survive electoral, inflationary and energy-security pressures. High-level commitments should be underpinned by aligned policy instruments; implementation pathways may need to reflect sectoral differences while maintaining economy-wide progress.
- **Joined-up government.** Align climate, energy, industry, fiscal, security, social, labour, transport, housing and planning policy. Climate action is more credible to long-term investors when framed as part of economic and energy strategy – including energy security, affordability, industrial competitiveness and rising electricity demand – rather than as a separate environmental obligation. Policy durability depends on managing distributional and cost-of-living effects.
- **Investable demand signals and real-economy policy.** Carbon pricing can help but is often insufficient by itself. Participants favoured complementary tools such as fossil-fuel subsidy reform, procurement, product standards, minimum low-carbon content requirements, contracts, tax incentives, energy-efficiency measures, technology-enabling frameworks and credible phase-out schedules that create demand for lower-carbon products and make the cost of business as usual visible. Governments should test existing subsidies and public expenditure against stated climate objectives, redirecting support that works against the transition, crowds out private capital or fails to address a genuine market gap.
- **Infrastructure, approvals and investment competitiveness.** Coordinate generation, grids, storage, transport, charging, ports, pipelines and other enabling infrastructure. Shorter, clearer and more consistent approval and connection processes are critical, including coordination across national, state or provincial and local authorities. Countries that reduce time to market, streamline bureaucracy and create clear, stable conditions for foreign investment can attract institutional capital more quickly, accelerate the build-out of their energy systems and strengthen their competitive position. Investors also need assurance that approved projects can be executed and completed, with reliable off-take arrangements and early attention to local acceptance, land use and biodiversity impacts. In developing markets, international support may be needed to finance grid development where capable developers exist but purely commercial funding is insufficient.
- **Comparable decision-useful disclosure and shared risk data.** Mandatory climate reporting was widely seen as difficult but valuable. Better information is elevating board discussions, improving engagement and laying the groundwork for stronger risk analysis. Fragmented disclosure regimes increase cost and reduce comparability. Governments should also examine how high-quality physical-risk data already held across public agencies, insurers and other market participants could be aggregated and made broadly available without disclosing commercially sensitive information.
- **Disciplined public risk-sharing.** Public support should target risks that no single private party can efficiently manage, such as policy design, market infrastructure or specific development-stage barriers. Additionality should be explicit, application processes should be usable, and public vehicles should be assessed against whether they crowd in capital rather than investing conservatively in already well-funded assets. Several participants noted a recurring disconnect between governments that believe funding is available and companies that find access so arduous the support is not commercially useful.

- **Credible company-level transition and effective policy design.** Investors need confidence in business plans, boards, management capability, governance, capital expenditure and access to viable technologies – not simply labels attached to individual assets. Policy instruments should also be tested against the behaviour they produce. Participants cited compliance settings that encouraged greater use of offsets rather than on-site abatement, despite the stated objective of reducing operational emissions. Governments should monitor whether funding, regulation and incentives are changing investment and production decisions as intended, and adjust them where administrative complexity or design features frustrate the desired outcome.

Social legitimacy and policy durability

A distinctive theme was that climate policy cannot remain durable if it is socially unsustainable. Carbon and energy policies need to be accompanied by targeted household support, efficient housing, public transport, skills, regional employment and credible industrial transition. For investors with horizons measured in decades, public legitimacy is part of investability.

COP31 engagement priorities: an asset owner call to action

The interviews point to a clear message for COP31: **capital is available, but government action is needed alongside investor action to mobilise it**. Governments must stop treating institutional investors as a substitute for public policy and instead **build the conditions in which institutional investors can invest at scale**. Investors, in turn, should contribute evidence from investment decisions, identify the risks they can manage and be candid about the limits of their own action.

The test of COP31 should therefore be whether it advances credible national and sector plans, durable real-economy policy and investable risk-return propositions. Participants cautioned that most influence is built before a COP; the event is most useful as a convening, signalling and accountability moment within a longer programme of work. Key priorities include:

- **Turn pledges into investable national delivery plans.** Require governments to translate long-term targets into funded sector pathways with clear milestones, accountable institutions and transparent progress reporting. Delivery plans must also identify the institutional capacity and project-preparation resources needed to plan, procure and execute projects, rather than assume that funding and assigned responsibilities are sufficient. Investors need to see what will be delivered in the next three to five years, not only what is promised for 2050.
- **Create markets, not just obligations.** Use procurement, product standards, credible phase-out dates, carbon-pricing frameworks and targeted incentives to establish dependable demand for low-carbon power, materials, transport and industrial products. Policy must create revenue certainty as well as regulatory obligation.
- **Build complete transition systems and compete for capital.** Align generation, grids, storage, transport, planning, skills, supply chains and industrial policy. Governments should identify and remove the specific bottlenecks – such as bureaucracy, slow approvals, connections and missing infrastructure – that prevent otherwise viable projects from reaching financial close. A coordinated 'one review, one approval' model, with safeguards for communities, Indigenous rights and environmental integrity, could materially shorten time to market. Countries that provide credible project pipelines, streamlined intergovernmental processes and clear conditions for foreign investment will be better placed to attract institutional capital, build out their energy systems and capture the associated economic and competitive benefits.
- **Use public finance where it changes outcomes.** Direct guarantees, concessional capital and credit enhancement towards clearly defined risks that private investors cannot efficiently manage. This includes exploring MDB mechanisms that convert local-currency project revenues into predictable long-term investor cash flows, and providing risk-bearing equity to capable local developers where debt is not the binding constraint. Every intervention should demonstrate additionality, be usable, crowd in private capital and change actual investment or production decisions. It should allocate risk to the party best able to manage it and preserve sufficient commercial return to mobilise institutional capital.
- **Make adaptation investable before calling for more private capital.** Governments should first develop credible national and sectoral adaptation plans that identify physical risks, establish priorities and define the projects and programmes required. They should then fund national and local capacity to prepare those projects, aggregate smaller opportunities and create workable contracts and cash flows where appropriate. This work should distinguish resilience measures that protect existing asset value through avoided losses from projects capable of generating separate revenues, and identify where public funding is required. Scaling adaptation requires implementable resilience measures and, where private finance is sought, credible investment propositions; not every necessary measure is a standalone private investment.
- **Match global ambition with credible national pathways.** Allow for different industrial structures, technologies, energy-security needs and starting points, while setting transparent milestones that prevent delay and carbon lock-in. End-state classifications should be complemented by assessment of credible transition pathways, including near-term capital expenditure and delivery milestones.
- **Make social durability part of climate policy design.** Integrate household affordability, workforce transition, regional development, housing, transport and energy security from the outset. A policy that loses public consent will not survive long enough to support long-duration investment.

- **Treat comparable disclosure as essential market infrastructure.** Defend decision-useful mandatory reporting, improve interoperability across jurisdictions and focus disclosure on information that changes investment decisions. Fragmentation and retreat increase due-diligence costs and weaken capital allocation.
- **Hold governments and investors accountable for delivery and outcomes.** Establish a continuing asset owner–policy maker work programme with agreed priorities, defined research questions, implementation checkpoints and regular reporting on what has changed. Assess whether policy instruments and public finance are producing the intended investment and emissions outcomes, not merely whether funding has been announced or rules enacted. Build on the capacity, consistency and efficiencies developed through existing asset-owner alliances rather than duplicating them, while widening participation where useful. Build the agenda from practical country and sector partnerships, and use COP, G20, multilateral-bank meetings and other forums as milestones rather than isolated events. Asset owners should contribute evidence, involve capital-allocation decision-makers as well as sustainability specialists, acknowledge the limits of their own actions and share lessons from failures as well as successes.
- **Develop system-level evidence that changes the public debate.** Support common approaches for quantifying physical-risk losses, beneficiary impacts and the portfolio-wide consequences of delayed transition. Aggregated evidence from long-term investors can make the cost of inaction tangible and strengthen the case for immediate implementation.

Potential evidence to develop

- An aggregate estimate of the physical-risk losses identified by participating asset owners, translated where possible into implications for beneficiaries, alongside options for a shared public-interest physical-risk data resource drawing on government, investor and insurer data.
- Case studies showing how policy, planning, revenue safeguards or risk-sharing enabled a successful investment – including batteries, hybrid transition assets, microgrids, green steel and emerging-market renewable projects – and examples where projects failed or stalled because of policy reversal, lengthy approvals or missing infrastructure, with lessons for policy makers.
- A small set of sector pathways demonstrating how demand signals, infrastructure, social policy and capital can be aligned.
- Examples of effective transition finance and stewardship that mobilise asset-owner capital or enable portfolio-company capital expenditure, supporting real-economy decarbonisation rather than portfolio-level emissions reduction alone.

Making asset owner engagement useful

Participants supported continued engagement but were clear that attendance at COP must have a defined purpose. Travel and senior time are difficult to justify without a clear line of sight from participation to influence, market intelligence or implementation.

Several were sceptical of COP as a place where non-negotiating parties can change outcomes in real time. Instead, they saw greater value in advancing coalition-building, practical policy work, targeted meetings with decision-makers and learning from countries or partnerships that are already unlocking solutions. Recognising that mandates, benchmarks, market structures and policy barriers vary materially by jurisdiction, participants supported regionally grounded workstreams beneath a global agenda, with lessons fed back into shared priorities.

Investor engagement is most likely to be credible when it:

- is based on practical evidence, data and case studies rather than generic statements;
- brings investment practitioners and capital-allocation decision-makers, public-finance and treasury expertise, as well as sustainability specialists, into the room;
- allows frank discussion of trade-offs, unsuccessful approaches and limits on investor action;
- uses trusted industry platforms and lessons from established asset-owner alliances to aggregate coalitions of willing investors, while preserving fiduciary independence and keeping engagement factual and apolitical;
- focuses on a small number of science-based real-economy policy priorities and country or sector implementation partnerships;
- connects COP participation to a year-round programme of policy dialogue, feedback and follow-through; and
- reports back to participants on what policy makers heard, what changed, what market intelligence emerged and what work remains.

Recommended next steps

1. Invite participants to share anonymised or approved case studies, including complex credit and transition investments, property-resilience examples, renewable energy, battery and microgrid investments, and projects that stalled or failed. Include what prevented deployment, portfolio trade-offs, targets or outcomes investors could not control, and barriers private capital alone could not resolve. Identify existing corporate adaptation expenditure as well as new financing needs.
2. Develop a concise COP asset owner message, supported by evidence that ambitious climate policy protects capital, growth, affordability, energy security and beneficiary outcomes.
3. Identify a small coalition of willing asset owners and two or three priority workstreams, including system-level investment analysis, a shared public-interest physical-risk data resource, and practical country or sector partnerships. Within the system-level investment workstream, share practical lessons on specialist capability, investment-team integration, remuneration links, flexible allocation approaches and mandate and benchmark constraints, distinguishing changes institutions can make themselves from those requiring wider system action.
4. Use PRI in Person and other major gatherings as staging points to test positions, build alignment and prepare senior asset owners for targeted policy maker engagement.
5. Create a 12-month engagement calendar linking COP31 to domestic and regional policy processes, G20 activity, multilateral development bank meetings, research outputs and feedback sessions. Use regionally grounded workstreams to address differences in mandates, benchmarks, market structures and policy barriers, and feed the resulting lessons into the global agenda.
6. Explore a regular virtual forum for asset owners in regions where peer networks are fragmented, including stronger participation from emerging-market institutions.

Conclusion

Asset owners will allocate capital to climate mitigation, transition and resilience – and, over time, to nature-positive outcomes – when opportunities meet fiduciary requirements and offer credible risk-adjusted returns. The binding constraint is not capital alone; it is the availability of investable projects supported by durable policy, institutional capability, project preparation, functioning markets, enabling infrastructure and appropriate risk allocation.

Governments do not need to remove all risk. They need to establish credible pathways and create projects in which risk is transparent, appropriately allocated and adequately rewarded. Investors, for their part, can contribute decision-useful evidence, identify the risks they can manage and remain candid about the limits of their own action.

COP31 should therefore shift the debate from capital mobilisation in the abstract to the practical conditions required for long-term investment. Its lasting value will depend on whether it establishes a continuing, bottom-up programme of country, sector and policy engagement that converts commitments into investable outcomes.