

An aerial photograph of a road and a forest. The road is on the right, with white lane markings. The forest is on the left, with trees in shades of yellow, orange, and brown. Four white curved lines are drawn over the road, starting from the top right and curving towards the left.

INVESTOR GROUP ON CLIMATE CHANGE

2019 ANNUAL REPORT



Investor Group on
Climate Change

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*Unless otherwise noted,
dollar values are in
Australian currency.*

2019 highlights



Developed new *Policy Priorities for a Resilient Net Zero Emissions Economy*



International collaborations including Investor Agenda and the Global Investor Statement to Governments on Climate Change



Over 1100 media mentions



IGCC in 2022

Launched new strategy *IGCC in 2022: Investing for a Climate Resilient Net Zero Emissions Economy*



AIGCC has grown to 34 members from 11 countries, with over US\$4.5 trillion in AUM



Welcome from the Chair and CEO

We are pleased to present the IGCC Annual Report for 2019.

This report provides a summary of the work that we have undertaken over the course of 2019, a year which has seen both setbacks and significant steps forward in how we collectively deal with the challenges of climate change.

The physical impacts of climate change are front and centre in the public debate, with unprecedented heat waves during the northern hemisphere's summer, a crippling drought through mainland Australia and catastrophic bushfires in Australia, California and the Amazon all linked to global warming.

But community mobilisation and public engagement on climate change has never been higher, with millions participating in the global School Strike for Climate marches in September, and public concern about climate change reaching new highs.

The mainstreaming of climate change in the finance sector continues and IGCC is participating in sustainable finance initiatives established over 2019 in both Australia and New Zealand, which are poised to transform the way that environmental and social issues are integrated into sector practice.

Financial regulators in Australia and New Zealand have stepped up their work looking at climate change risk through an economic lens and have called for companies and investors to respond accordingly. Investors continue to play an important role through initiatives like the Investor Agenda, Climate Action 100+, and by directing ever more capital into climate solutions and low carbon investments.

This year IGCC has delivered a number of significant projects.

Importantly, we launched our new strategy, *IGCC in 2022: Investing for a Climate Resilient Net Zero Emissions Economy*, which sets out our ambitious agenda for the next three years. We will be partnering with our members over this period to deliver on the objectives set out in this framework. We also released our new *Policy Priorities for a Resilient Net Zero Carbon Economy*, which sets out our policy priorities and goals for the period 2019 to 2022.

We delivered a successful 2019 IGCC Summit in Sydney from 14 -15 October bringing together over 300 investors for two days of debate and discussion on climate risk and opportunity. We also launched the IGCC Climate Awards, to recognise leading investor action on climate change.

Our team in the Asia Investor Group on Climate Change continues to grow and expand its work program across the region, playing a key role in mobilising investor action on climate change.

We continued to participate in global initiatives such as the Investor Agenda and Climate Action 100+ and took the leading role to deliver the first Climate Action 100+ progress report, launched in October 2019.

We also ran workshops on climate disclosure and reporting for our members, while the team represented IGCC and our members at numerous events in Australia and New Zealand, as well as Tokyo, Paris, New York, Singapore and Poland to name a few.

We have also grown the team this year, with Laura Hillis joining as Manager, Climate Action 100+, and Tom Arup joining as Director, Strategic Communications. Matt Wingrave played a crucial role in helping us to deliver our most successful Summit yet.

While we are proud of the work we have done, we also know we need to accelerate action. As the first global stocktake of national ambition approaches under the Paris Agreement, the role of investors has never been clearer. As a sector, we must continue to do more, and ask for more from companies and policymakers.

We would like to thank the growing IGCC team for their hard work, passion and determination this year. Lastly, a big thank you to our Management Committee and to all IGCC members who make such a critical contribution to our work. Your support makes our shared success possible.

We look forward to continuing to work with you in the new year.



Stephen Dunne,
Chair



Emma Herd,
Chief Executive Officer



About IGCC

About Us

The Investor Group on Climate Change (IGCC) is a collaboration of Australian and New Zealand investors focused on the impact that climate change has on the financial value of investments. IGCC represents institutional investors with total funds under management of over \$2 trillion, and others in the investment community interested in the impact of climate change. IGCC members cover over 7.5 million people in Australia and New Zealand.

IGCC also supports the Asia Investor Group on Climate Change (AIGCC).

We collaborate with similar investor organisations across Europe, North America and Asia through the Global Investor Coalition on Climate Change, the Climate Action 100+ and The Investor Agenda.

IGCC Vision

A climate resilient net zero emissions economy by 2050.

IGCC Mission

We will catalyse investor action on climate change to avoid dangerous global warming, responsibly manage long term risks and drive sustainable returns for investors and the beneficiaries they represent.

Article 2 and Article 4 of the Paris Agreement set out the goals of limiting global warming to <2°C and moving towards 1.5°C, which will require a shift to net zero emissions by 2050.

IGCC in 2022

A new strategy for a new decade

In June 2019 we launched *IGCC in 2022: Investing for a Climate Resilient Net Zero Emissions Economy*, our strategy for a new decade of transformative action on climate change.

This strategy sets out what IGCC, our members and our partners hope to achieve over the period 2019 to 2022. It is our strategic plan and a roadmap for action and we look to be held accountable to the goals and aspirations we have set.

Over the period 2019 to 2022, we will pursue outcomes in five areas of strategic focus, supported by clear measurable goals. We will work closely with our members to ensure that the investment industry plays its part in acting on climate change.

Our 2022 Strategy reflects a recognition that the investor landscape is rapidly changing both in our region and globally, and while the policy environment in Australia remains challenging, momentum is moving firmly towards increased ambition on climate change, both in terms of urgency on the need for action as well as the policy and market response.

Asking more of our members

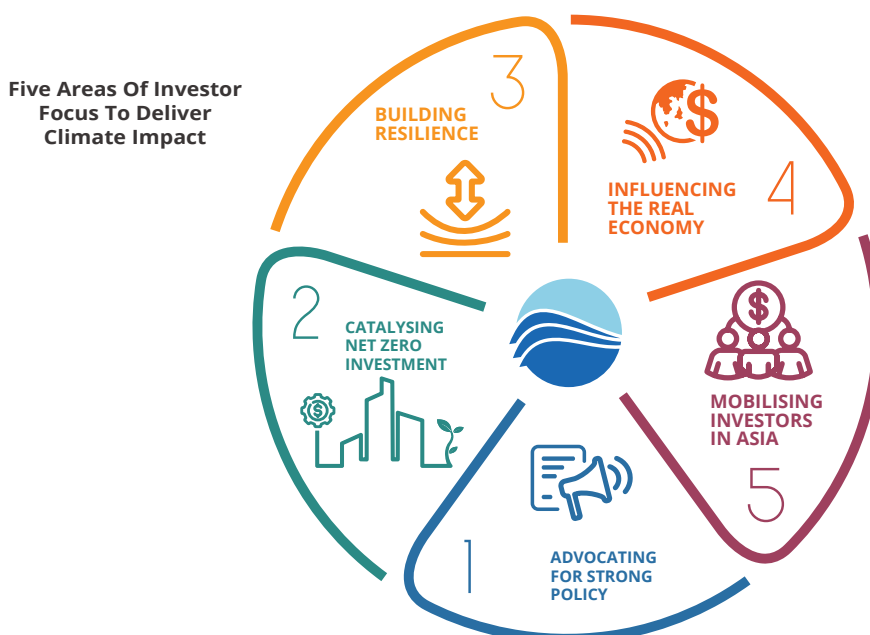
As an investor based organisation our role is to work with our members to pursue better outcomes on climate change policy and investor practice. A core part of the strategy involves working with our members to increase meet ambitious targets underpinning each of these focus areas.

We have also set targets to increase our efforts in climate-related messaging and advocacy, to engage companies through Climate Action 100+ to act on climate change, and to support the Australian and New Zealand Sustainable Finance Roadmaps. For AIGCC, we have set out an agenda to grow the organisation by doubling its membership, building profile in the region including through media and advocacy, and continuing to support Climate Action 100+.



By 2022, we're asking our members to have in place or have committed to:

- A Climate Change Policy
- A Climate Change Roadmap consistent with the goals of the Paris Agreement
- Reporting against the Task Force on Climate-related Financial Disclosures
- Undertaking and disclosing a physical risk assessment on their portfolio
- A response to manage resilience across their portfolio.





Investor-led working groups to meet our goals

To support the delivery of the 2022 Strategy, in 2019 we refreshed the structure and operation of the IGCC Working Groups to take ownership of the new strategic goals and identify research and projects to support delivery of our goals.

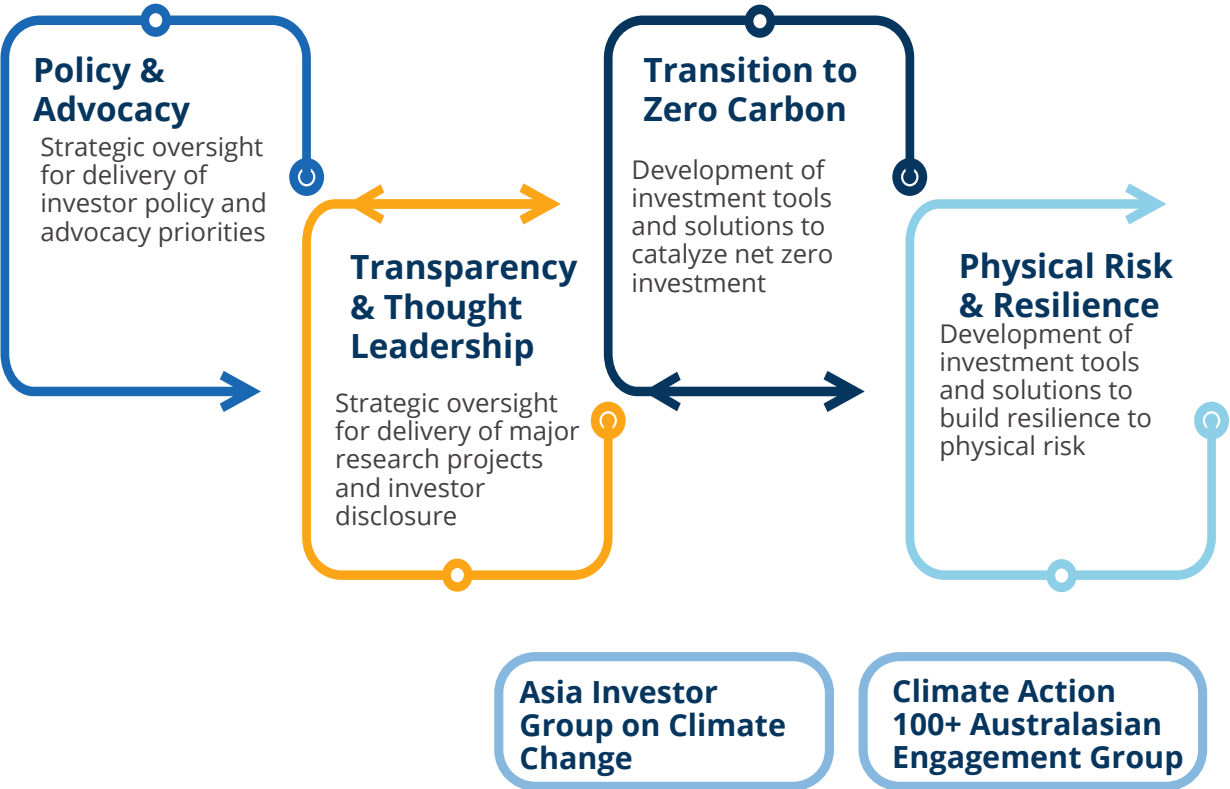
IGCC supports four main working groups that support overall delivery of the IGCC strategy, as well as a working group to support AIGCC and the Climate Action 100+ Australasian Engagement Group. All Working Groups will report back to the full membership at least once a year on major activities and progress achieved.

IGCC would like to thank the Chairs and all of our members who contribute their time and resources to help deliver our shared goals and objectives.

Tracking progress against our goals

In addition to the specific research and capacity building projects identified through the IGCC Working Groups, over the period 2019 to 2022, IGCC will undertake a number of core initiatives to help deliver outcomes across all areas of the 2022 strategy. This includes, for example, the biennial IGCC Summit, as well as a number of cross-cutting advocacy projects.

We will also implement dedicated member activity tracking to ensure that IGCC members ‘walk the talk’ when it comes to climate change, and are implementing the policies, investment practices and frameworks necessary to support our strategic goals and effectively tackle climate change.



Advocating for strong policy

In Australia, New Zealand and globally, 2019 marked another year of strong investor engagement in policy development. Climate policy discussions continue to be fast changing and volatile in Australia. Progress is being made in New Zealand and many of the world's most important economies. Global trends continue to impact on all markets – the increase in public engagement on climate change in 2019 via the 'Greta factor', growing awareness of climate change impacts and rapid technological innovation in clean energy and other sectors. Central to all of this is growing recognition that climate change represents a material financial risk to long-term investments and economies more broadly.

IGCC's 2022 policy priorities

IGCC kicked off the year with the launch of new three-year policy priorities for the Australian and New Zealand governments. Building on IGCC's previous policy analysis and extensive engagement with members, policy makers and other key stakeholders, *Policies for a Resilient Net Zero Emissions Economy* was launched in March, ahead of the Australian federal election.

The document outlines how governments can create investable policy frameworks by aligning policies to achieve net zero emissions, managing the energy sector transition and building resilience to growing impacts of climate change.

In collaboration with IGCC's Policy and Advocacy working group, policy priorities for the first year of the re-elected Australian government have been identified. Technical workshops and direct political engagement has been undertaken to bring investor perspectives to key policy processes such as the development of Australia's and New Zealand's long-term emissions reduction strategies, Paris-aligned emissions reduction scenarios in the Australian Energy Market Operator's Integrated System Plan, and investable resilience measures in the National Disaster Risk Reduction framework.



Influence and Advocacy

Central to lifting the impact of IGCC's engagement in policy making processes has been deepening media understanding of climate change as a core financial risk and how investors are responding to this challenge and opportunity. Throughout the year, IGCC has undertaken proactive and reactive strategies to ensure the investor voice is central in national media conversations on climate change.

Hosted by HESTA and Cbus, IGCC facilitated senior level media roundtables in August and September 2019 to explore with key journalists and commentators the investor perspective on climate change. These engagements have resulted in ongoing media coverage and the positioning of IGCC and its members as advocating for policy that delivers long-term returns to beneficiaries.

IGCC also produced a number of policy briefings for members. These outline the investor implications of the election policies of the major parties, and controversial issues such as the use of Kyoto emissions credits (carry over) to achieve Paris targets.

IGCC plays a lead role in global investor advocacy on climate change by coordinating initiatives like The Investor Agenda with our global partners, and by engaging with Australian and New Zealand investors to ensure their perspectives are represented in global investor dialogues. At COP24 in Katowice Poland, we supported Australian investor involvement, and coordinated for New Zealand's Minister for Climate Change, the Hon James Shaw, to speak at an investor event.

IGCC in the Media

IGCC continues to grow our advocacy and influence capabilities, growing our media presence in mainstream media coverage of climate change issues and impacts. IGCC representatives are frequent commentators in the media. We have created a platform for our members and for the investment industry to engage in the public debate on the climate impacts for their portfolios and their beneficiaries.

Over the course of the year, we delivered over 1,100 media mentions focusing on the investment implications of climate change, principally through mainstream media outlets. This includes through our policy and research agenda, via direct engagement with key influencers in the media, from company commitments to action on climate change and through international projects such as Climate Action 100+ and The Investor Agenda.

Climate Policy in New Zealand

It has been a year of important progress on climate change in New Zealand with the passage of the Zero Carbon Bill, the release of the Discussion Paper on mandatory TCFD disclosure and other key pieces of legislation.

IGCC continue to engage with our members in the region, media and policymakers in order to ensure that the perspective of investors on climate is represented in key discussions.

This year we:

- Delivered a submission to the New Zealand government on the Zero Carbon Bill
- Hosted an investor roundtable with the Chair, CEO and CIO of the New Zealand Green Investment Finance Ltd (NZGIF)
- Arranged for New Zealand's Climate Change Minister, the Hon James Shaw to speak at a global investor event at COP24 in Katowice, Poland
- Participated in the Just Transition Summit convened by the New Zealand government in New Plymouth in May 2019.



Hon. James Shaw at Investor event, COP24

Looking ahead to 2020

Moving forward, 2020 offers challenges and opportunities for IGCC's policy engagement. We will:

- Participate in the development of Australia's 2050 emissions reduction strategy over the next 12 months
- Work with financial and energy regulators as they advance climate-risk and energy policy frameworks
- Increase our international engagement efforts as pressure builds on nations to bring their actions in line with the objectives of the Paris Agreement ahead of COP26 in Glasgow in late 2020
- Engage with policymakers in Australia and New Zealand as they update their 2030 emissions targets
- Work with our members to build senior political and media engagement and develop forward looking public advocacy strategies.

It will be a challenging road into the next decade, but IGCC is stepping up to ensure policy allows investors to deliver sustainable long-term returns to their members.

One big trend to watch for:

"As the risks from climate change to the global economy become increasingly front of mind for investors, central banks and financial regulators, we can expect to see significant engagement on climate-risk and policy frameworks in Australia and New Zealand over the coming year."

Erwin Jackson, Director Policy, IGCC

Catalyzing net zero emissions investment

Transitioning to a resilient, net zero emissions economy by 2050 will require an unprecedented level of capital investment. For investors, finding and backing climate solutions that generate strong, stable returns remains challenging, but is critical for tackling climate change.

Embedding zero carbon investment in our strategy

IGCC is focused on driving change across the investment industry by working with our members to step up their own climate change response. Through the IGCC 2022 Strategy, we have set the aspirational goal that by 2022, all of our members will have in place a climate change policy and a roadmap for investing in line with the goals of the Paris Agreement.

We will be tracking and reporting progress against these goals, while developing a program of projects and activities to help investors embed climate change in business as usual investment practice. This work will be coordinated by the IGCC Transition to Net Zero Working Group.

Understanding drivers for low carbon investment

To better understand market drivers and investor sentiment towards low carbon investment, we continue to undertake our detailed annual survey, mapping current tools, drivers, targets and low carbon investment trends across Australasian investors. The resulting report *Accelerating Change: Capital growth in climate solutions* was released in August 2019.



IGCC continues to facilitate direct engagement between institutional investors and national green finance bodies. IGCC has coordinated engagement with the Clean Energy Finance Corporation (CEFC) in Australia, and with the newly established New Zealand Green Investment Finance Ltd (NZGIF).

Looking ahead to 2020

Over the coming year, IGCC will be developing a Practitioner Guide to net zero emissions investment, mapping out current market practice and identifying key areas for further development. We will continue to undertake our annual survey of climate aligned investment, to track market trends.

IGCC will also undertake a follow up piece of work to our 2017 Just Transition report *Coal, Carbon and the Community*, to identify investable solutions for socially conscious climate finance.

One big trend to watch for:

“As Investors increase their TCFD reporting, expect more targets to be set, more investment products to emerge and more capital to flow to dedicated climate solutions”.

Emma Herd, CEO, IGCC

Supporting investor disclosure against the TCFD

Over the year, IGCC has been working with our members to scale up investor reporting against the Taskforce on Climate-related Financial Disclosures (TCFD) framework.

Coordinated by the IGCC Transparency and Thought Leadership Working Group, we worked with Regnan to deliver a second full day workshop to work through the practical aspects and requirements of reporting on climate change for investors.

Held in Sydney in November 2019, the Masterclass was attended by around 45 participants. It featured a mixture of information on emerging industry practice, real world exercises to generate ideas for reporting and a panel of leading experts to share their experience. Attendees also received a detailed Workbook to capture tips and exercises from the day.

IGCC will continue to work with our members to strengthen investor disclosure, to help deliver on our 2022 Strategy objective for all members to be reporting against the TCFD.



Building resilience

Climate-related financial risks increasingly include the risks presented by the physical effects of climate change itself. These effects are already being felt at just over 1°C of warming and are set to increase over the coming decades. For investors this requires detailed risk assessment of assets and portfolios to climate risks, and the implementation of resilience measures. It also presents investment opportunities.

Supporting the portfolio resilience of our members

We work with our members to encourage them to strengthen the resilience of infrastructure, the economy and the communities in which they operate to the physical effects of climate change through their investment practices. This work is led by IGCC's Physical Risk and Resilience Working Group.

By 2022, IGCC is asking all members to have undertaken or committed to an assessment of physical risks across their portfolio, and for all IGCC members to have implemented or committed to a portfolio-level response to increase resilience. This year we have been supporting investors to achieve these targets with workshops, guidance reports and direction to tools and resources being developed for investors to use to assess climate risk and measure resilience.

Partnering for economy-wide resilience

We recognise the importance of working with other stakeholders across government departments, civil society and investor networks to share knowledge and build capacity on resilience, while taking an economy wide perspective. This year, we:

- Have worked with a consortium of stakeholders to develop an industry framework for measuring and benchmarking resilience in the built environment
- Served on the Steering Committee of the Climate Measurement Standards Initiative, which is developing a standard for climate risk measurement and assessment
- Delivered and participated in workshops with energy regulators on improving the resilience of energy infrastructure

- Engaged with science bodies and risk assessment agencies to provide useful assessment and adaptation tools to investors
- Engaged with the National Resilience Taskforce under Emergency Management Australia, Department of Home Affairs, in developing the National Disaster Risk Reduction Framework and forthcoming National Action Plan.

Looking ahead to 2020

Next year IGCC will be undertaking further detailed work on the costs of climate change to Australia, including from physical climate changes. We will continue our work to develop industry standards and frameworks for climate risk assessment and resilience, and to work with the Coalition for Climate Resilient Investment to factor resilience considerations into investment valuations. We will also look to bring international learning on climate adaptation finance to Australia to assist in developing finance models for local climate adaptation solutions.

"Resilience is a material issue that has never before been so critical. But as the costs of physical climate risk and the benefit-cost ratios of adaptation are starting to be illuminated; the tools, frameworks and standards are being developed for investors to use; and valuing climate resilience is beginning to be remodelled, the coming period is an exciting time for adaptation investment".

Crystal Fleming, General Manager, IGCC

The Coalition for Climate Resilient Investment

Launched as a key initiative at the UN Climate Action Summit in New York in September 2019, IGCC joined the Coalition for Climate Resilient Investment along with 35 other organisations. The goal is to address the problem of poor market pricing of physical climate risk by putting a value on climate resilience, in order to incentivise resilient investments.

The Coalition aims to achieve:

1. A strengthened market for private and public-sector investment in climate resilient infrastructure
2. Reduced climate risk resulting from a shift in the flow of investment towards climate resilient infrastructure
3. Support for climate vulnerable geographies to attract investment and prevent capital flight as climate risks become more evident.

IGCC will work with the Coalition to better understand physical climate risk and to assist members to incorporate it into financial decision making.

Influencing the real economy

IGCC members are invested across the global economy and are part-owners of most of Australia and New Zealand's largest companies. As managers of retirement savings and pooled investments, investors are concerned with the increasing impacts of climate change on global and regional economies and the flow through impacts for investment returns.

As part of our 2022 Strategy, IGCC have developed a stream of work focused on how investors can support Australian and New Zealand companies to reduce emissions, implement a climate change policy, deliver a roadmap for implementation and report outcomes against the TCFD.

Investor engagement for company action

Investor influence on climate change can be driven through a number of channels across the real economy, including direct company engagement and the ongoing promotion of the Climate Action 100+, engaging industry associations and successfully developing Sustainable Finance Roadmaps to positively influence the wider finance value chain.

By working through these channels, we have the opportunity to drive climate change outcomes across the real economy.

Lobbying and industry associations

Investors are engaging with the companies they invest in to understand what industry associations they are members of and whether those associations are in alignment on key climate policy objectives. In Australia in particular, industry associations play a critical role in advocating for, or against, climate change policy frameworks which serve the best interests of companies.

Over the year IGCC has worked with other investor networks such as the Australian Council for Superannuation Investors (ACSI), and globally through international investor networks, to increase investor engagement with key industry associations in Australia.

In October, we worked with the European Institutional Investor Group on Climate Change (IIGCC) to develop a joint investor statement on the role of the Australian extractives industry in advocating for Paris aligned policy. This was signed by 49 investors managing over \$16 trillion in assets.

Looking ahead to 2020

We will focus on implementing our 2022 Strategy including:

- Local delivery of the Climate Action 100+ program to encourage Australian and New Zealand companies to strengthen their corporate climate change responses
- Development of an investor guide to encourage better corporate climate disclosure on climate change and provide industry guidance on what investors are looking for in best practice TCFD reporting from companies
- Contributing to the work of Australian and New Zealand Sustainable Finance Roadmaps in driving standardisation across the finance sector in the identification and management of environmental and social factors will be critical in 2020
- Scaling up activity on the role of lobbying and industry associations, including ongoing investor engagement with key organisations.

Sustainable finance in Australia and New Zealand

IGCC is actively participating in the development of Sustainable Finance Roadmaps in Australia and New Zealand.

In Australia, the Australian Sustainable Finance Roadmap (ASFI) was launched in December 2018, with major workstreams getting underway over the course of 2019. IGCC CEO Emma Herd is a member of the ASFI Steering Committee, while a number of our members are active participants in the supporting Technical Working Groups.

The roadmap, to be launched in 2020, will recommend pathways, policies and frameworks to enable the financial services sector to contribute more systematically to the transition to a more resilient and sustainable economy, consistent with global goals such as the UN Sustainable Development Goals and the Paris Agreement. Key themes and challenges will be published mid-December 2019.

In New Zealand, IGCC is participating in the Sustainable Finance Forum (SFF) through the Aotearoa Circle. In October 2019, the Interim Report of the Sustainable Finance Forum (SFF) was released, representing work undertaken from January 2019 to October 2019. The report sets out the principles and characteristics of a sustainable economy.



The IGCC 2019 Summit



IGCC SUMMIT

CATALYSING ACTION ON CLIMATE CHANGE

Held in Sydney for the first time, the 2019 IGCC Summit brought together a record 300 international and local attendees from across the finance sector to discuss climate risks and opportunities and how investors are responding.

Highlights included the trustee training on the fiduciary responsibilities of boards, the CEO/CIO Panel, a deep dive with Geoff Summerhayes, Executive Board Member, APRA and a keynote address with renowned climate scientist Dr Michael E. Mann, Distinguished Professor of Atmospheric Science at Penn State on the latest in climate change science.

Over the two days, 64 speakers unpacked the latest in climate science, policy development, disruptive technology change, global market shifts, transition risk, investment solutions, physical risk and resilience and the increasing urgency surrounding investor action on climate change.

IGCC was pleased to present our inaugural IGCC Climate Awards for outstanding investor and individual practice on climate change.

The Gala Dinner featured a lighthearted debate on 'Why is Climate Change so Hard?' moderated by Bernie Hobbs, with Dr Michael E. Mann, The Hon Bob Carr and Dr Rebecca Colvin providing the perspectives of a social psychologist, a climate scientist and a politician.

IGCC would like to thank all the speakers, sponsors and attendees for contributing to such a successful event.

www.igcc.org.au/summit

International collaboration

Alongside our program of work in Australia and New Zealand, IGCC recognises the significant value in collaborating with our global peers. There is no doubt, however, that the breadth of our international agenda has increased in 2019 through important initiatives such as the Climate Action 100+ and The Investor Agenda.

Global Investor Coalition on Climate Change

Through the Global Investor Coalition on Climate Change (GIC), IGCC works in close partnership with regional investor networks covering Europe, North America and Asia to engage with global policy makers and develop investor tools and resources for managing climate change.

This year, the GIC continued to develop the Investor Expectations series, shared guides for key industry sectors that provide global investors with additional tools to support company engagements. In 2019, GIC released *Investor Expectations for Steel Companies* in February, *Investor Expectations for Companies in the Construction Materials Sector* in July, and *Investor Expectations for Listed Real Estate Companies* in November.

We are also working with the GIC to develop a compendium of investor best practice from across the regions, to be released in 2020.

The Investor Agenda

Launched in 2018, The Investor Agenda is a collaborative initiative that aims to accelerate the transition to a net zero emissions global economy and limit global warming to 1.5°C. It has been developed by seven founding partners: the Asia Investor Group on Climate Change (AIGCC), CDP, Ceres,

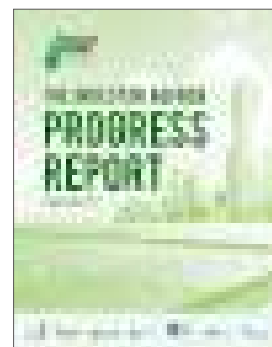


Investor Group on Climate Change (IGCC), Institutional Investors Group on Climate Change (IIGCC), Principles for Responsible Investment (PRI), and the United Nations Environment Program Finance Initiative (UNEPFI).

The Investor Agenda creates a platform for investor action focused on four key areas: investment, corporate engagement, investor disclosure and policy advocacy. This enables policymakers, businesses and other stakeholders to track the breadth and depth of investor commitment to action on climate change.

In September 2019, The Investor Agenda released its first Annual Progress Report. This found that nearly 1,200 investors have taken action in one or more of the focus areas of The Investor Agenda. More than 750 investors have engaged with or directly influenced portfolio companies to act on climate change, more than 400 investors have stepped up their own disclosure on climate change, and more than 260 have set a climate target.

In the year ahead, we aim to use The Investor Agenda to both accelerate and demonstrate investor support for a heightened sense of urgency in mobilising action on climate change.



The Global Investor Statement to Governments on Climate Change

Ahead of the UN Secretary-General's Climate Action Summit in New York in September 2019, a record 625 investors managing over US \$37 trillion endorsed the Global Investor Statement to Governments on Climate Change.

This detailed statement sets out what policies investors need from governments to:

- Achieve the Paris Agreement's goals
- Accelerate private sector investment into the low carbon transition
- Improve climate-related financial reporting.

Supporting the investor statement, The Investor Agenda founding partners also released an open letter from their CEOs and a detailed briefing paper, outlining key policy asks from investors.

The statement was initially launched in June 2018 ahead of the G7 Summit, and showcased with increased signatories at the Global Climate Action Summit in September 2018, at COP24 in Katowice in December 2018, and at the G20 Summit in Osaka in June 2019. It will be updated again for COP25 in Madrid in December 2019.

The statement, open letter and briefing paper are available at www.theinvestoragenda.org.

Climate Action 100+



IGCC is a founding partner and regional coordinator of Climate Action 100+, a groundbreaking global project led by investors to engage with the largest corporate greenhouse gas emitters to act on climate change.

A Global Initiative

Since its launch in December 2017, Climate Action 100+ has grown to over 370 global investor signatories representing over US\$35 trillion in assets under management. Globally, Climate Action 100+ focuses on 161 companies accounting for over 80% of corporate greenhouse gas emissions. These companies are critical to the decarbonisation of investment portfolios and the global economy.

The IGCC CEO is an active member of the Climate Action 100+ Global Steering Committee and supports a number of supporting projects and shared working groups. In 2019, IGCC chaired the Governance Working Group, participated in implementation, benchmarking and communication working groups and coordinated the development of the inaugural Climate Action 100+ Progress Report.

Leading Climate Action 100+ in Australasia

IGCC leads implementation for Climate Action 100+ in Australia and New Zealand, supporting 32 investor signatories engaging with 13 companies in the region. IGCC coordinates the Australasian Working Group, chaired by Andrew Gray of AustralianSuper, which meets regularly and supports investor engagement underway in the region.

Looking ahead to 2020

There is no doubt that expectations for the Climate Action 100+ are high and that our stakeholders are looking at us to deliver.

Globally the next phase of Climate Action 100+ will focus on increasing ambition in three key areas: addressing climate lobbying practices via industry association memberships, asking companies to set ambitious short, medium and long term emissions reduction targets including net zero by 2050, and improving the coverage and quality of TCFD reporting.

Highlights in 2019

IGCC undertook a number of key initiatives in 2019:

- Led the development of the first Climate Action 100+ progress report, released in October 2019
- Supported company engagements in the Australasian region with 13 focus companies, and convened a number of investor roundtables with key focus companies
- Delivered on shared initiatives such as an investor letter signed by a subset of Climate Action 100+ signatories on climate lobbying for the Australian extractives industry
- Supported investor engagement to secure progress in key areas such as improved climate change disclosures with almost all focus companies producing or agreeing to produce reporting in line with the TCFD including scenario analysis, and three Climate Action 100+ focus companies in Australia committing to reach net-zero emissions by 2050
- Five new investor signatories joined in Australasia
- Ran a number of events for investors in the region, including a physical and transition risk event led by Dr Bill Hare from Climate Analytics
- Established a dedicated new role of Climate Action 100+ Manager.

"Investors are asking companies to do more to assess and disclose their climate related risks and set strategies and plans aligned with the aims of the Paris Agreement. Next year we expect to see some significant commitments including net zero by 2050 targets."

Laura Hillis, Manager, Climate Action 100+, IGCC

In 2019 Climate Action 100+ released its first global progress report

In October 2019, Climate Action 100+ published its first global progress report, a major project led by IGCC. The report provides an overview of the Climate Action 100+ engagement agenda, sets out progress across key industry sectors, and takes a deeper dive at the critical region of Asia and shared area of focus corporate lobbying.



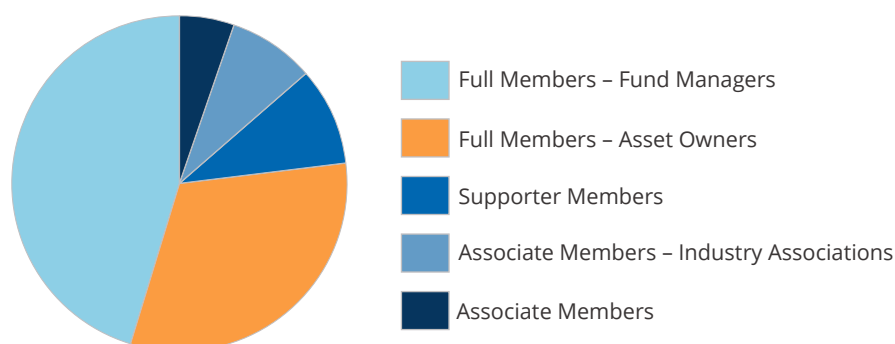
The report shows that the first phase of the initiative has seen some breakthrough commitments from companies in hard to abate sectors, the initiation of collaborative investor engagement on climate in Asia, and a raft of disclosure commitments on corporate lobbying on climate change. Despite some strong achievements, however, most companies have a long way to go to fully meet investor expectations on climate governance, action and disclosure.

Read the full report at <https://climateaction100.org>

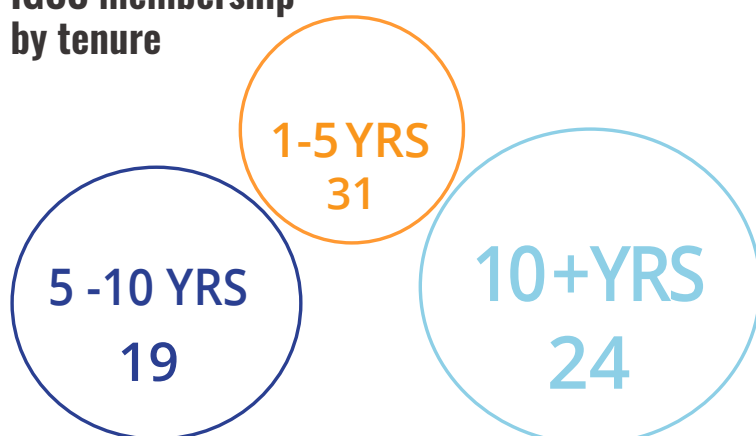
IGCC member update

The IGCC membership continues to grow with eight new members joining us in 2019. We also had a busy year in our member engagement program, delivering peer to peer learning, collaboration and the sharing of best practice for our members.

IGCC Members by category (as at December 2019)



IGCC membership by tenure



New member spotlight

In 2019, IGCC welcomed the following new members:



Working with our members

IGCC convenes a wide range of events throughout the year, including monthly member meetings, roundtables and special events.

In 2019, IGCC held eight monthly Member Meetings, with between 40-60 members in attendance on average throughout the year. These meetings covered a range of topics, including Climate Litigation Risk, Scenario Analysis through Mercer's *Investing in a Time of Climate Change - The Sequel*, a Special Briefing on the Australian Federal Election and the launch of a number of reports, including for example IGCC's *Accelerating Change: Capital growth in climate solutions*.

In May 2019 as part of Climate Week in Brisbane, IGCC co-hosted the *Women in Climate Forum* with the Carbon Market Institute and EY, profiling the role of female professionals working in climate change. In November, IGCC and Regnan facilitated the second *Investor Masterclass: Disclosing on Climate Change* in Sydney, a full day workshop looking at TCFD implementation and disclosing on climate across investments.

IGCC Members as at December 2019



AIGCC: Mobilising investors in Asia

ASIA
INVESTOR
GROUP
ON
CLIMATE
CHANGE

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.

A Growth Year in Asia

AIGCC provides capacity for investors to share best practice and to collaborate on investment activity, credit analysis, risk management, engagement and policy.

Over the year, AIGCC has worked with our members and investors across the region to highlight how climate change will affect their portfolios.

We have seen a significant increase in appetite and demand from investors in the region for information, tools and case studies to assist with creating climate policies, low carbon investment, and reporting through the TCFD. AIGCC members in Asia continue to grow, and we are seeing more engagement with sovereign wealth and government pension funds in the region.

This investor activity has been coupled with a surge in new initiatives around green finance from regulators and policymakers in the region in addition to new market-based sustainable finance platforms being launched. In response, in 2019 AIGCC has also developed a new policy workstream stream to respond to heightened market activity.

A new strategy for AIGCC: 2019-2022

As AIGCC enters the next phase of our development, in 2019 we paused to review progress to date and develop a new strategy and plan for the next three years. We worked with a dedicated investor committee, including several IGCC Management Committee Members and the current and former Chairs of AIGCC (Sophia Cheng CIO of Cathay Financial Holdings and Emily Chew, Global Head of RI Manulife Investment Management). We also consulted AIGCC members on how best to meet their needs.

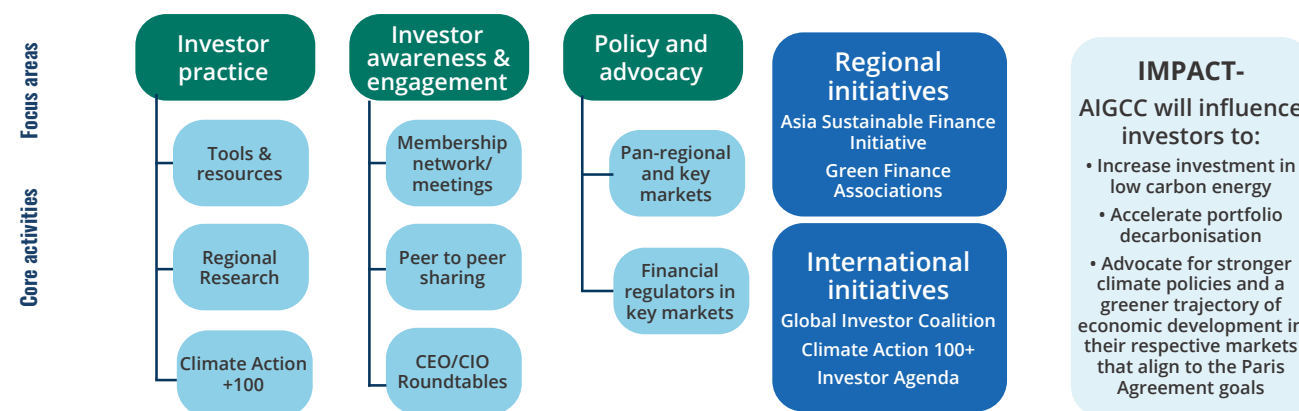
Our new three-year strategy and business plan for the period 2019-2022, sets out our goals on how we will look to work with and influence Asian investors. In the immediate term, AIGCC's particular areas of focus with Asian institutions on will be to encourage:

- Integration of climate change risks and opportunities into policy and portfolio decisions
- Engagement with companies as part of the Climate Action 100+ program
- Engagement with regulators to encourage company and investor TCFD disclosure.

We are also developing analytical tools, convening events and facilitating knowledge transfer among investors in the region and internationally.

AIGCC 2022 Strategy

Core focus areas and activities



Needs and inputs

Staff/Funding/Resources/Investors

Outputs

- Investors trained in workshops and able to show real world examples of Asian investor activity.
- Growth and geographic diversity of AIGCC members and expand network across the region.

Growing our impact and footprint in Asia

Over 2019, membership of AIGCC has grown to 34 members from eleven countries, with over US\$4.5 trillion in assets under management, a four-fold increase since September 2016.

This year AIGCC continues to use its platform to build investor knowledge and awareness of climate change. We convened ten member meetings during 2019, with around 15-20 members and guests joining each meeting. Asset owners including sovereign wealth and government pension funds who are not public members of AIGCC also participate in these meetings. Meeting topics included the UNEP FI TCFD pilot project, portfolio temperature score tools, and the Science-based Targets Initiative (SBTi).

AIGCC's profile in the region continues to build, through peer connections as well as via participation in key regional and global events.



AIGCC was invited to speak in such events including RI Asia (Tokyo), Global Reporting Initiative CEO Roundtable (Singapore), Climate Change Resilience Forum in the Philippines, Green Climate Fund Conference (Seoul), TCFD Summit (Japan), IGCC Summit (Sydney), China SIF Conference (Beijing) and the 3rd Annual Taiwan Climate Change Forum (Taipei).

One big trend to watch for:

"We are now seeing regional and global leadership on climate change in Asia. Supported by coordinated action by financial regulators, we expect to see this momentum pick up as more investors and translate this into higher climate expectations of companies through TCFD reporting and engagement."

Rebecca Mikula-Wright, Director, AIGCC

AIGCC in the media

AIGCC is committed to ensuring that investor perspectives are a part of the regional debate on climate change through our media and advocacy activities. In 2019, we increased our media presence in key publications across core markets, including in Japan and South Korea, as well as pan-regional publications.

In 2020, we will be stepping up our work to increase the profile of investors in the public debate on climate change.

Exclusive: [世界各国の投資家、主要国政府に気候変動への迅速な対応求める](#), Reuters, 26.06.19

[\[지속가능·기후금융을 만드는 사람들 ① | 레베카 미쿨라 라이트 AIGCC 국장\] "온난화로 아시아기업 2210억 달러 손실"](#), Naeli, 26.09.19

Stepping up policy engagement

A key part of the new AIGCC strategy is to step up our regional policy engagement.

In 2019, AIGCC focused on Japan in the lead up to the G20 in Osaka in July, while engaging in a number of discussions with other regulators and central banks across Asia.

As the host of the June 2019 G20 summit meeting in Osaka, Japan played a vital role in calling for global government leadership on climate change. Investors supported this call for greater action, and AIGCC undertook policy engagement with the regulator, the Financial Services Agency (FSA) and key Ministries (Energy, Trade and Industry, Environment, Foreign Affairs), and the Japanese Business Federation (Keidanren).



The purpose was to share investor expectations and support for more ambitious government policies and investor activity in the region through AIGCC, and major initiatives such as the Climate Action 100+.

Coordinated by AIGCC, CEOs from the seven Founding Partners developed a joint letter to the Japanese government in response to the updated long-term strategy, ahead of the G20. The letter welcomed the call to embrace renewable energy as a major power source and encouraged the adoption of an increased renewable energy target of 35% in line with the recommendations in the Foreign Ministry Climate Diplomacy Taskforce. The establishment of the TCFD Consortium to support the private sector in the implementation of the TCFD recommendations was also welcomed.



Engaging with our members and building climate change capacity

This year we made significant progress in working with our members to grow investor action on climate change in the region.

AIGCC partnered with China Water Risk and Manulife Investment Management to develop and publish a major new report on climate and water risks in Asia *Are Asian Pension Funds ready for Climate Change?*



The flagship AIGCC CEO/CIO Roundtable was held in Singapore for the third year in a row in conjunction with the Milken Asia Summit. Thirty-three investors participated (a 30% increase from 2018) with over US\$5.5 trillion in assets under management represented. Funds attended from nine markets including Singapore, China, Hong Kong, Taiwan, Malaysia, Japan, Korea, Australia, Canada and France.

This year, investors were taken through a deep-dive in climate scenario analysis, an update on low carbon trends of investors in the region and the Climate Action 100+ Progress Report was discussed. An update on progress and case studies from key markets and investors provided valuable insight into the work of peers globally. As in previous years, requests for additional investor roundtables in other markets were requested, which AIGCC will follow up on in 2020.

We also undertook our first investor survey of activity in low carbon investment across Asia, with the final report *The winds of change: Low carbon investing in Asia* released in early December 2019.



"We are excited to see the growth in participation from Asian investors in Climate Action 100+ engagements and expect this to continue in the year ahead."

Valerie Kwan, Manager,
Climate Action 100+, AIGCC



Local investors supporting our Climate Action 100+ strategy in Asia

The Asia Advisory Group (AAG) was established in January 2019 to advise on the development of market-specific strategies and address key challenges in engagement in the region.

The group is made up of CIOs from Government Investment Pension Fund Japan, Cathay Financial Holdings and CalPERS, as well as China Asset Management and Manulife Investment Management.

AIGCC supports the groups' quarterly meetings and is a conduit of key recommendations to the global Steering Committee. The AAG has developed market strategies for Japan and is now working on a strategy for China. South Korea and India will be a focus in 2020.

Leading Climate Action 100+ in Asia

AIGCC supports over 60 investors that are engaging with the 32 companies in Asia via Climate Action 100+. We coordinate the engagements for 18 of the 32 companies and work closely with PRI on broader market-level engagements.

From October 2019 to March 2020, AIGCC will be acting as Chair and Vice-Chair on the Climate Action 100+ global Steering Committee, with an investor representative for the region. Emily Chew, Global Head of ESG at Manulife Investment Management will take on the Chair role as the investor representative for Asia, and AIGCC Director, Rebecca Mikula-Wright will be acting as Vice-Chair. These roles are supported by Valerie Kwan, Climate Action 100+ Manager, who leads AIGCC's work with investors and companies in Asia, and also participates in global working groups and projects.

Looking ahead to 2020

In 2020 we plan to:

- Continue to grow the organisation's footprint, membership and impact in Asia
- Progress work initiated in 2019 with our new member, CDPQ to develop climate change training for investors to assist in accelerating capacity building and implementation of climate risks and opportunities into portfolios
- Implement market specific strategies for Climate Action 100+ engagement in China, South Korea and India.

Climate Action 100+ in Asia 2019 Highlights

- Company engagements have been initiated in all seven markets in which AIGCC is involved: Japan, China, South Korea, Taiwan, Thailand, Indonesia and India
- We established the Asia Advisory Group (AAG) in December 2018 to advise on the development of market-specific strategies and address engagement challenges in Asia
- AIGCC facilitated or participated in 16 company meetings or calls in 2019
- In partnership with PRI, we have developed a successful collaborative model of engagement where local Asian investors work with international peers on company engagement
- In China we are seeing progress on engagements with state-owned enterprises showing interest in peer benchmarking. A market specific strategy for China is being developed by the AAG
- In Taiwan, engagements are progressing well with trust established between investors and companies using collaborative engagement. Some engagements have expanded to include subsidiaries of a parent focus company
- In Japan we have seen significant steps forward in 2019, with all five AIGCC-led engagements underway and promising signs of leadership from focus companies. All five companies have set emissions reduction targets including four commitments to set science-based targets, and all five have signed on as supporters of the TCFD
- In Japan, AIGCC has also developed relationships with key stakeholders including the Japanese Business Federation (Keidanren).

Governance and finance

Remaining a well governed, responsible organisation delivering for our members, is critical to ensuring delivery on our organisational objectives. Over the past ten years, IGCC has grown steadily, increasing our membership base, the breadth of projects we undertake and our organisational footprint.

In 2020 we will continue to ensure that the governance frameworks we have in place support an effective, financially responsible organisation meeting our members needs. This includes, building internal capacity through strengthened policies, procedures, accounting systems and resources to ensure we deliver for our members.

The IGCC Management Committee

The IGCC Management Committee is a core part of our governance framework. Members bring world class expertise and market experience to their role and to the contribution they make to the operation of the organisation.

In 2019, we saw a significant refresh in the IGCC Management Committee, with many long-standing members retiring or stepping down after lengthy tenures on the Committee, and new members joining. We thank all members of the Management Committee for their time and expertise in guiding the work of IGCC.

IGCC would like to thank the following Management Committee members who also served over some or all of 2019: Pablo Berrutti, Louise Davidson, Rob Fowler, Bill Hartnett, Niall McCarthy and Talieh Williams.

IGCC Management Committee appointed 3rd December 2019



Stephen Dunne (Chair)
Board Director and Chair
of Investment Committee,
Cbus



Helga Birgden
(Deputy Chair)
Partner, Global Business
Leader, Responsible
Investment, Mercer



Rajinder Singh (Treasurer)
Portfolio Manager, Pental
Group



Sybil Dixon (Secretary)
Senior Investment
Analyst, UniSuper



Andrew Gray
Director, ESG &
Stewardship,
AustralianSuper



Sonya Sawtell-Rickson
Chief Investment
Officer, HESTA



Damian Graham
Chief Investment Officer,
First State Super



Sandra McCullagh
Trustee, Non Executive
Director, QSuper



Mark Knight
Director/Head of
Distribution, Ausbil



Zoe Whitton
Head of ESG Research,
Citi



Ed John
Executive Manager,
Governance and
Engagement, Australian
Council of Superannuation
Investors

Investing in the organisation

This year we have continued to invest back into the organisation and continued to grow the IGCC team to support an expanding work agenda.

In 2019, Laura Hillis joined IGCC to manage the Climate Action 100+ project for Australia and New Zealand. IGCC has appointed Tom Arup as our Director, Strategic Communications, to join the team in January 2020.

We also thank Matt Wingrave for his efforts throughout the year in organising the IGCC 2019 Summit and making it a tremendous success.

IGCC would like to thank all of the project officers and consultants we worked with throughout the year, or who provided pro bono assistance.



Emma Herd
Chief Executive Officer



Crystal Fleming
General Manager



Erwin Jackson
Director, Policy



Laura Hillis
Manager,
Climate Action 100+



Madeleine Hill
Team & Communications
Coordinator



Matt Wingrave
Event Coordinator



Rebecca Mikula-Wright
Director, AIGCC



Valerie Kwan
Manager,
Climate Action 100+

The background of the page is an aerial photograph of a coastal road. The road is a two-lane asphalt road with white dashed lines, curving along the edge of a sandy beach. To the right of the beach is the ocean. The background image is partially obscured by a blue header bar at the top left and a blue curved shape at the bottom right.

Beyond 2020

As we come to the end of this decade and set in place our goals for 2020, we are conscious of the fact that the next ten years will be the critical decade for climate action.

Right now, global emissions are reaching record levels with no sign of peaking, the last four years were the hottest on record, and we are seeing the impacts of climate change in our region through coral bleaching, drought, bushfire and flooding.

These impacts have very real consequences on people's lives and as investors, very real consequences on the value of the investments that we manage on behalf of our beneficiaries.

In 2020, the Investor Group on Climate Change will also celebrate 15 years since we were established, by investors, to help identify and tackle climate change in Australia and New Zealand. Since then, and through the work that we have undertaken in partnership with our members, significant progress has been achieved.

But there is no doubt that there is more work to be done, urgently, and that we must scale up and accelerate our collective response to climate change to avoid the worst impacts across the economy, the community and across investment portfolios.

IGCC's role will be to facilitate, enable and promote this leadership across and within our sector, sharing best-practice examples, encouraging first movers, and celebrating the concrete actions our members are making to advocate for a climate resilient, net zero emissions economy.

In 2020, we will continue to work towards the goals we have set in our 2022 Strategy and through our Policy Priorities, engaging governments in Australia, New Zealand, across Asia and globally for robust, investable policy solutions while encouraging greater investor leadership.

We will continue to support and grow the Climate Action 100+ to influence outcomes across the real economy, while also depending our international collaboration through platforms such as The Investor Agenda.

And we will continue to work with our members to develop and deliver the research, tools and frameworks that investors need to manage climate change risks and invest for a 1.5°C world.

2020 marks the beginning of a transformative decade for climate change. IGCC looks forward to working with all our members and partners in the year ahead to deliver investor action on climate change.

Financial report

The Treasurer's report

**Rajinder Singh,
Portfolio Manager,
Pendal Group**

**IGCC Annual General Meeting
Tuesday, 3rd December 2019**



It gives me great pleasure to present the Treasurer's Report for the 2018/19 financial year.

IGCC's financial approach remains largely consistent year on year. Revenues from membership subscriptions remains the majority of our income. This is supplemented by additional income for specific research projects and foundation funding for initiatives with a regional or international focus.

This year IGCC received additional foundation funding to expand resources for AIGCC in the region. IGCC also received funding from the KR Foundation, Sea Change Foundation, the European Climate Foundation and the Growald Foundation.

Expenses also remain consistent in line with revenue received and are based largely on employee wages, professional services, operational costs and project specific expenses. This year IGCC increased its staffing expenses to grow both IGCC and AIGCC resources.

Overall, a surplus of \$39,042 was delivered for the year.

IGCC would like to thank KPMG for auditing our accounts on a pro bono basis.

Results and performance highlights (as at 30 June)

	2019	2018
Revenue	\$1,082,496	\$1,006,5419
Expenses	\$1,043,454	\$948,232
Surplus	\$39,042	\$58,309*
Accumulated funds	\$297,583	\$58,309*
Member numbers	70	70
Cash Position^	\$463,940	\$400,584

* Included additional income generated by the 2017 IGCC Summit

**74 members as at 3 December 2019

^ Membership fees for the subsequent financial year generally received in advance.



Investor Group on
Climate Change

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